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FISCAL YEAR 1991 BUDGET

HEARING

BEFORE THE

SELECT COMMITTEE ON INDIAN AFFAIRS
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

ON

THE FISCAL YEAR 1991 BUDGET

FEBRUARY 28,1990
WASHINGTON, DC

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FISCAL YEAR 1991 BUDGET

WEDNESDAY, FEBRUARY 28, 1990

U.S. SENATE,
SELECT COMMITTEE ON INDIAN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 9:05 a.m., in room 485, Russell Senate Office Building, Hon. John McCain (vice chairman of the committee) presiding.

Present: Senators McCain, Conrad, and Murkowski.

STATEMENT OF HON. JOHN MCCAIN, U.S. SENATOR FROM ARIZONA, VICE CHAIRMAN, SELECT COMMITTEE ON INDIAN AFFAIRS

Senator MCCAIN. I am pleased to be here today to conduct this hearing on the President's 1991 budget request for Indian programs. I look forward to hearing the testimony we will receive from the Bureau of Indian Affairs [BIA], the Indian Health Service [IHS], the Indian Housing Program in HUD, the Office of Indian Education, and the Administration on Native Americans.

Under the leadership of Senator Inouye, this committee has been engaged in a careful analysis of the historic trends in Federal funding for Indian programs and services. The charts that you see displayed here today provide a vivid illustration of a very disturbing fact. Funds for Indian programs and services are declining.

Not shown on the charts is the fact that the eligible Indian service population has nearly doubled in the last 20 years. Although it is very likely that Congress will appropriate in excess of $3 billion for Indian programs in fiscal year 1991, in terms of constant 1982 dollars, the appropriation is equivalent to only $1.6 billion.

The fact is that Congress is not appropriating and the Administration is not requesting sufficient annual funding to keep pace with inflation. When the increase in Indian population is factored in, which never is, the funding crisis takes on a new dimension.

In general, Indian and native people suffer the highest poverty and unemployment rates in the Nation. Yet, over the past 15 years, Federal funding per capita has increased for all citizens except Indians and natives.

In fact, a steady decline in funding is such that we are now spending more per capita on everyone else. A condition which has existed and worsened since 1985.

The fiscal year 1991 budget request will continue this trend. The BIA is seeking a net increase over 1990 of less than 1 percent; the projected absorption in the BIA budget will actually decline.

The IHS claims to be seeking an increase of at least 7 percent but the net increase is actually closer to 2 percent when pay ab-

sorptions and unrealistic assumptions about third party payments are taken into account.

HUD proposes a complete elimination of the Indian Housing Program. Funding for the Office of Indian Education and the Administration on Native Americans would basically be stagnant.

In sum, inflation will once again result in an actual decrease in funding for Indian programs and services in fiscal year 1991 if we accept the President's budget request. This is an intolerable situation.

We are effectively compelling our poorest citizens to bear a disproportionate share of the Federal fiscal burden. It is simply not acceptable for the Administration to propose to eliminate Indian housing funds when there is a documented need for tens of thousands of new homes.

It is simply not acceptable to only request $15 million for sanitation facilities when there is a documented backlog of $675 million. It is simply not acceptable to propose essentially level funding for Indian education programs when student populations and education costs are increasing.

These comments serve to highlight only a few points. As we proceed through today's hearing we will see that virtually every program or service is slated for a real reduction in funding. There is, and can be, no viable justification for this fact.

I hope the Administration, in particular our witnesses who are here today, will begin to work with us so that we can reverse the downward trend in funding for Indian and Native programs and services. I, for one, believe that we are legally and morally bound to do no less.

The first witness we would like to hear from this morning is Eddie Brown, Assistant Secretary for Indian Affairs, Department of Interior. Welcome, Dr. Brown. Please feel free to summarize your statement if you so choose, and your full statement will be made a part of the record.

STATEMENT OF EDDIE F. BROWN, ASSISTANT SECRETARY FOR INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR

Mr. BROWN. Thank you, Mr. Chairman. I have submitted a full statement for the record.

Mr. Chairman, I am pleased to appear before you today to present the fiscal year 1991 budget for the BIA. The fiscal year 1991 request for the Bureau totals $1,637,731,000 in annual funds, permanent appropriations and trust funds.

Of this amount, $1,185,178,000 represents the direct Federal appropriations in support of the operations of Indian programs, construction, and loan activities and payments related to various settlement acts. These funds are used in support of numerous program commitments to over 900,000 American Indians and Alaskan Natives.

While the fiscal year 1991 budget proposes a reduction of $186 million below the amount appropriated in 1990, this situation largely reflects one-time appropriations provided last year.

For example, $54 million was provided to cover the estimated cost of converting self-determination contracts from a calendar

year to a fiscal year basis, as well as $139 million appropriated for nonrecurring cost of Indian settlements.

The pending budget focuses on five major areas. They are, improving educational opportunities in Bureau-funded schools, strengthening self-determination opportunities for tribal governments, carrying out the Federal Department's trust responsibility, enhancing natural resources on reservation lands, and addressing the needs to improve the internal management and administration of the BIA. My prepared statement goes into greater detail on each of these areas.

This budget, I feel, is a start toward proactively addressing the many issues facing American Indians and Alaskan Natives. I feel that this budget reflects a genuine change in priorities for this Administration as this is the largest BIA program budget ever requested and it is made in spite of a $500 million overall budget reduction taken by the Department of the Interior.

I will be pleased, along with the appropriate staff, to answer any questions you may have about this budget this morning, Mr. Chairman. That concludes my comments.

[Prepared statement of Mr. Brown appears in appendix.]

Senator McCAIN. Thank you, Dr. Brown.

Let us talk about education for 1 minute, if we could. I am sure you heard my opening statement concerning the charts we have here which describe levels of funding for education. I hope you agree with my statement that the student population in Indian countryhas dramatically increased. Would you agree with that?

Mr. BROWN. Yes, sir.

Senator McCAIN. Yet at the same time, the budget increase is relatively small, is that correct?

Mr. BROWN. Yes, sir; within education itself, we show an increase of just over $16 million from 1990 for education.

Senator McCAIN. Are you proposing to reduce funds for the scholarship program?

Mr. BROWN. At this point in time, let me have Linda Richardson respond to just how that is recorded in our budget because also affects funds for adult vocational education.

Ms. RICHARDSON. Mr. Chairman, with respect to the regular scholarship program, this year the Bureau's budget has a new line under tribal services, tribe agency, which is called the Consolidated Tribal Government Program through which tribes can administer similar programs in a combined fashion.

Tribes in five areas took $2.2 million from scholarships and put it into the Consolidated Tribal Government line, so while the scholarship line shows a reduction of over $1 million, with the $2.2 million for scholarships that has gone into the new line, there is really an increase of $1 million in what will be available for the regular scholarship program in 1991 in the two parts of the budget.

Senator McCAIN. The obvious question is why did you want to shift that? Funding?

Ms. RICHARDSON. It is a tribal decision. The Consolidated Tribal Government Program has been a demonstration program since the early 1980's. We are now showing it as a line in the budget. It has been an ongoing program which now is shown as a budget line.

Senator McCAIN. Does the Consolidated Tribal Government Program necessarily mean those moneys will be spent on scholarships?

Ms. RICHARDSON. Yes, sir; it would allow tribes for instance, to take an adult vocational training program, a scholarship program and an adult education program and have one person administer the programs in a combined fashion to reduce the overhead work of the tribe and the different reporting requirements but the money will still be used for scholarships.

Senator McCAIN. It will be used for scholarships?

Ms. RICHARDSON. Yes, sir.

Senator McCAIN. Do they have any other options?

Ms. RICHARDSON. One of the options, if the end of the year comes and there is $10,000 left in scholarships and a $10,000 shortfall in adult vocational training, it will make it easier for the tribes, without going through contract modifications, to shift the scholarship money to AVT money.

The budgets are prepared, of course, 18 months in advance of when they are spent and it is difficult for tribes to judge that far in advance what the actual requirements will be.

Senator McCAIN. Without getting into much detail, Ms. Richardson, according to our interpretation of this submission, your base amount for the school operation subactivity is $215.9 million and your request is just under $232 million, or $16 million above the base.

Of this amount, about $9 million is for teacher pay increases and $6 million for administrative cost grants, both are mandated by law, so the real increase is about $1 million. Do you agree with that?

Mr. BROWN. Let me have Mr. Ed Parisian, the Deputy for Education respond to that, please.

Mr. PARISIAN. Yes; I agree with that, but also those dollars that you mentioned are all increases into education.

Senator McCAIN. The Bureau states as its goal for the year 2000 that child education for BIA-funded schools will achieve levels that meet or exceed national norms. Has the BIA done studies on how its spending levels on a per pupil basis compares with that of comparable public schools? If so, what are the results?

Mr. BROWN. Yes; there have been studies, Mr. Chairman. Let me refer that to Mr. Ed Parisian.

Mr. PARISIAN. We have had comparability studies completed. They have been submitted to the Department for review and clearance. I would be happy to submit the results to the Chairman.

Senator McCAIN. In general, what are the studies' conclusions?

Mr. PARISIAN. Mr. Chairman, I have been here for 28 days in this position and have not had time to review those conclusions. As I said, I would be happy to submit them.

Senator McCAIN. Are there any studies that have been conducted on achievement levels?

Mr. PARISIAN. Student achievement levels? We have our testing program. We have done testing results based on the tests that are administered in the school systems.

Senator McCAIN. Will you submit those for the record as well?

Mr. PARISIAN. Yes; I would be happy to do that.

Senator McCAIN. Ms. Richardson, you are aware that the dropout rate of Native Americans on entering secondary schools, colleges and universities is very high?

Ms. RICHARDSON. I believe that to be accurate, yes.

Senator McCAIN. Higher than any other group of Americans?

Mr. BROWN. Mr. Chairman, in regard to the dropout rate, there is no question—I think we all have the feeling that the dropout rate is high. However, current data for American Indian dropout rate, we find, is not readily reliable in that it is difficult to determine when an individual drops out or when an individual transfers to another school at this point in time.

That is a major concern of ours, to get a better handle on that and we will be addressing that issue in this coming year within the central office.

Senator McCAIN. Dr. Brown, I know that this committee can provide you with a lot of that information because we are in consultation with our three major universities in Arizona, as I know you are, where they say the dropout rate is extraordinarily high.

Mr. BROWN. In higher education, yes, sir. Excuse me, I was thinking you were talking about within the lower grades as well.

Senator McCAIN. Dr. Brown, the BIA programs have absorbed all pay cost increases for fiscal year 1990 because funds were not requested or appropriated for this purpose last year.

In the budget for 1991, the BIA has asked for only 40 percent of the anticipated pay cost increases leaving programs to absorb about $7.5 million if Congress does not appropriate that amount. How much were programs required to absorb in 1990, roughly?

Mr. BROWN. We were required to absorb 100 percent of the January 1990 Federal pay increase which totals approximately $10 million this year.

Senator McCAIN. Dr. Brown, I know that you have visited various reservations throughout the Nation. I think all of us that know of your work are very appreciative of the fact that you have conducted a very extensive consultative process with the tribes perhaps in a more inclusive manner than anyone who has ever held your position.

I think that is a very important role that you have taken on and one which I think will bear enormous fruit in later times because I think the tribes feel that they are now part of the decisionmaking process.

Senator McCAIN. In your visits surely you have stopped by and visited some of the schools. What has been your overall impression about the physical condition of many of the schools on the reservations?

Mr. BROWN. Mr. Chairman, I have visited some schools that are very well run as well as facilities kept in extremely good condition. However, I have also visited schools where, as you have indicated, there is a dire need for continued maintenance and upkeep on those schools.

Senator McCAIN. Have you seen conditions in some of those schools that if those schools were off-reservation, they would no longer remain in operation?

Mr. BROWN. Yes, sir.

Senator MCCAIN. Do you have any thoughts about any progress we may have made on the issue of child abuse?

Mr. BROWN. Yes; since coming aboard, one of my concerns in regards to child abuse was to clearly send the signal within the BIA that child abuse would not be tolerated. As such, I sent a letter to all of the employees as well as to tribal leaders informing them of this stance and asking their cooperation in working together with the tribal governments in carrying out this.

We have also put in place a number of standards and regulations so that employees are clear as to the reporting requirements if they are suspect or have knowledge of any child abuse.

We have also put in place administrative guidelines to review situations when individuals have been accused of such things.

We have also, of course, used additional money to hire additional social workers, both at the 638 contracted level with tribal governments as well as within the Bureau.

Senator MCCAIN. I note the presence of our friend and colleague, Senator Conrad. Would you care to make any statement or have any questions, Senator?

STATEMENT OF HON. KENT CONRAD, U.S. SENATOR FROM NORTH DAKOTA

Senator CONRAD. Thank you, Mr. Chairman. I would.

When I look at these charts that show, in constant dollars, spending on Indian programs going consistently down since 1980; when I look at the comparison of other elements of the Federal budget and those areas that are of a similar nature in other parts of the Federal budget going up, but Indian-related spending going down, every chart here tells a story, and the story is the same on every chart.

The story is that the Federal commitment to helping Indian people has been in decline. That comes at a time when we have growing problems, or at least problems that aren't being addressed, that are of a dramatic nature.

Whether it is the issue of 20,000 Indian homes that do not have even basic sanitation, whether it is the question of unemployment—unemployment on the reservations in my State is running 80 or 85 percent, child abuse—I sent to your office yesterday Dr. Brown, information about an instance of child abuse on the Standing Rock Reservation which I have asked to be pursued—whether it is the issue of alcoholism, diabetes, all of the indices would tell us there is no part of our population that is hurting more than the Indian part of our population.

Yet the Federal commitment to those very people has been in decline by any measure, whether it is constant dollars, or in comparison to other parts of the Federal budget.

My question to you is what request did you make of the Office of Management and Budget for the areas that are under your responsibility? What did you ask for and what did you get?

Mr. BROWN. Let me answer that in a roundabout way here, sir. I do not think anybody who has visited Indian country would lack in understanding the need and concern that is out there.

What I begin to see in my situation as Assistant Secretary is the need to really begin to identify and put programs, direction, goals and objectives and clear direction of where we want to go and where we want to be in the years to come.

I have not found that clear kind of definition and direction within the Bureau and within Indian country. What I have found is a lot of concern and a lot of interest to want to address those concerns.

I think my responsibility as Assistant Secretary is to begin to identify and work in a partnership with tribal governments to identify what do we want in the year 2000 for Indian people and ways of addressing that.

I think my responsibility is putting together a package and a request to OMB that not only talks about additional resources but talks about some clear directions and goals which the Bureau and tribal governments are prepared to work toward.

Senator CONRAD. What did you ask for and what did you get?

Mr. BROWN. Linda.

Ms. RICHARDSON. Senator, I do not remember exactly but we will be glad to provide a table for you.

Senator CONRAD. Let me ask you this. I am sure you know whether or not you got more than you asked for or less than you asked for?

Ms. RICHARDSON. We got less but this is the largest budget that has ever been submitted for the BIA.

Senator CONRAD. Well, not in constant dollars. That is the kind of thing we do that just fools each other. The fact is the commitment to Indians measured by any standard—look at these charts, these tell the story.

In constant dollars, the commitment to Indians has done nothing but go down. In every single measure here, a part of our population that needs the most help by any measure here is getting the least. I want to know did you ask for the resources to reverse this?

Mr. BROWN. We did ask for more dollars than we received. In fact, Mr. Chairman and Senator Conrad, we did use some of the very same charts that you are using here today to describe our situation.

Senator CONRAD. Did you ask for substantially more than you got?

Mr. BROWN. At this point in time—no, but we would need to go back and check the record and provide for you exactly what we did request.

Senator CONRAD. You did not ask for substantially more than you got? Your answer is you did not ask for substantially more than you received?

Mr. BROWN. It is my understanding, yes.

Senator CONRAD. Why not? When these charts tell the story of significant decline in a commitment to Indian programs by the Federal Government over the last 10 years and every indices of need tells us this is the part of our population that most needs help, why did not you ask for a dramatic increase in resources?

Mr. BROWN. We are given a certain amount also to work with, within the Department that we must work with, and based upon that, given our knowledge and the direction of what we were pre-

pared to put together, we asked for the package that could relate to that as well as additional dollars.

Senator CONRAD. I want to say to you that we have got a crisis of staggering proportion. In my State, unemployment on the reservation is 80 percent. I do not know how we could do any worse than we are doing, 80 percent.

We have health care problems that are staggering. We have a report from the IHS that we have 20,000 Indian homes that have never had sanitary hookups. This is America in the 20th century and we have 20,000 Indian homes that have never had sanitary hookups, and you do not ask for the money. I really do not understand it.

I do not understand the morality of an Administration, and frankly, a Congress, that would allow what is happening to occur. This really borders on outrageous behavior on the part of everybody that is a party to this.

That means BIA, and that means the President of the United States, and that means the Congress because every one of these charts tells the same story, that the Federal commitment to helping the least able among us has done nothing but go down and nobody says boo. You do not say boo, apparently. The Congress has not responded and the President apparently does not care.

How are we going to turn this around? Where is the obligation to start? It would seem to me you all are the first ones to make a budget submission. You are the first ones to ask and you ought to ask for what is necessary to start turning this thing around. Then the President ought to respond and then the Congress ought to implement a plan that really does something.

Let me ask you this. Based on this evidence, which to me is overwhelming, are you ready to submit to the Office of Management and Budget an amended budget request to say, look, we have a crisis of staggering proportion out there and we are not meeting the need?

Mr. BROWN. If we were to do that, we would have to pass that through the Secretary of the Interior and then it would have to have other offsets within the Department of Interior to do what you are requesting that we do.

Senator CONRAD. Yes; but your problem is not the rest of the Department of Interior. Your responsibility is BIA and what is happening to the Indian people. My question to you is, are you ready to submit to the Secretary an amended request to address the need? Clearly, we are not addressing the need.

Mr. BROWN. At this point in time, no, I am not. What I am prepared to do is to look at the budget this year. Does this budget meet need? I would say no, it does not meet need. Does it start or is there a beginning point here that we can begin to build on, yes, I believe the budget reflects a beginning point to build on in regard to some critical needs.

We cannot, at this point in time, address every need and every situation at the exact time. I think what we need to do is put in place a way in which we can realistically, and in a much more positive way than we have in the history of working with the Indian tribal governments, create a more positive direction so that when we do have an influx of resources we can make sure that

those resources have a positive impact on Indian country. I do not think we have been successful in that in the past.

Senator CONRAD. I would say to you, Dr. Brown, that to me that is a failure of responsibility. I would say to you that I look at these numbers and this is outrageous. It is outrageous what we are collectively doing and you are the one that has to start the cycle.

You have got to have the courage to stand up and say, look at this list, every element, education, health, housing, and development is declining. Other parts of the Federal budget are going up and Indian spending is going down on a fair comparison basis or, even with respect to health care, not keeping pace with what we are doing for other people in America, and the Indian people are the most needy.

How in God's name can this be justified? Can you tell me how can this be justified?

Mr. BROWN. It cannot, sir.

Senator CONRAD. Well, then, where is it going to stop?

Senator MURKOWSKI. Would the Senator yield?

Senator CONRAD. No; I will not yield. I am asking this witness questions. Where is it going to stop?

Senator MURKOWSKI. I appreciate the courtesy.

Mr. BROWN. I think it has. This budget reflects a small increase. While I will agree with every statement said here, it is a turning point and I think we must recognize that.

The fact is that you cannot, I do not believe, right all the wrongs that have happened to Indian people in one fiscal year. I think what we have got to do is have a plan and to work that plan systematically over a period of years.

Senator CONRAD. I do not know how this is a start when we have a 3-percent increase in IHS funding, when health care inflation is 8 percent in this country. How is this a start?

Mr. BROWN. Sir, I cannot speak to health but I can speak to those programs that the Bureau is responsible for.

Senator MURKOWSKI. Will the Senator yield?

Senator CONRAD. No; the Senator will not yield.

I just do not know how we are going to turn this around unless those who are most directly responsible stand up and say, loud and clear, we have a crisis out there, we are not addressing the crisis, and we have an obligation to insist that this system—and I am speaking about all of us, Congress, the President and the administrators own up to what has happened.

I would say to you I think you have an obligation, an absolute, affirmative obligation to stand up and say this is immoral. We are not addressing the needs of Indian country. We can say well, there have been tough budget years. Absolutely, but look at the chart on the comparison. Other areas of the budget, are going up. Indian spending is going down in relative terms.

I think this is a moral failure of significant proportion. If you do not stand up and say so, I do not know where it is going to start. I have taken enough time.

Senator MURKOWSKI. Mr. Chairman.

Senator MCCAIN. The Senator from Alaska.

STATEMENT OF HON. FRANK MURKOWSKI, U.S. SENATOR FROM ALASKA

Senator MURKOWSKI. Obviously we are very concerned about the conditions in our State with regard to Indian housing and other areas.

I cannot help but note that my colleague has taken the opportunity to severely take the Administration to task which is an appropriate function of all of us but we all know that there are certain procedures that make up the budget process and our witness before us have had to concur with this, whether it be under a Republican administration or Democratic administration.

Serving as Ranking on the Veterans Affairs Committee, I can tell you that the good news there is that the budget has been increased $1 billion, but if you look at the difference between current dollars and constant dollars, you run into the same inconsistency that we have in this committee.

Clearly, constant dollars do not represent real dollars in the sense of spending and as a consequence, we have a situation where we cannot possibly meet the needs of our veterans adequately, and we never will.

Unfortunately, the same situation, to a degree, is true with the obligation we have to our Indian Americans. We can never meet adequately and this is a process that occurs in the budget. It is a process that obviously you are going to have to work with whatever Congress ultimately appropriates.

It is the obligation of those of us in Congress to take this budget, debate it and make a determination of if indeed we have to do substantially better, but I think the idea of going over this in the effort of holding you necessarily responsible for not getting what we would like to have in Native America is a bit inappropriate.

I wanted to call that to the attention of my colleague because we all know how this process occurs and you have to work within specific limitations. You have presented a budget that obviously is not of your own design if you did not have to work within certain parameters. I think it is important for the record to note that.

Mr. Chairman, I have a statement for the record that I would ask be inserted as appropriate.

Thank you, Mr. Chairman.

[Prepared statement of Senator Murkowski appears in appendix.]

Senator CONRAD. Mr. Chairman, if I might. I think it is totally appropriate. Where do budgets come from? They just do not come out of thin air. Budgets come about as a result of a process and the process starts with the relevant agency. The question is, does the relevant agency ask what is necessary to meet the need.

I would assert to my colleague that this need is not being met. We can talk about other elements of the budget, let us do that. Let us go down the list item by item and look at what has happened in the rest of the Federal budget. let us look at how we have treated other's in a time of budgetary shortfall and how we have treated Indian people.

What we will find is that in each and every area, for some reason, somehow out of this process that we have, the Indian folks get short-changed every single time, whether it is housing, whether

it is education, whether it is health, whether it is BIA, in every area.

There is a chart right there that shows what has happened to other folks in the budget and what has happened to the Indian folks, and if we look at how we have treated other folks in the budget process in these times of fiscal shortcoming, the Indian folks are getting the shaft.

I tell you, it is immoral. It is immoral. The question is what are we going to do about it. I do not just blame the Administration. If the Senator had been here, he would have heard me clearly say, it starts with the people who are in charge of the budget, it then goes to the President, and then it comes right here, and all of us are culpable.

All of us at some point will have to answer for what we have done or failed to do. I am saying this represents failure on all of our parts. I do not know how we can go home and look at ourselves in the mirror and say we have done a good job when we are doing the least for the people who are hurting most in our society on a relative basis. I honestly do not know how we can justify it to anybody, including ourselves.

Senator MURKOWSKI. Mr. Chairman, I do not know, my friend from North Dakota and I have a significant difference of opinion on ultimately what we would like to see occur, but I do not know which one of us is going to be the magician that is going to right all the ills whether it be the veterans, the homeless or the educational responsibilities.

Ultimately, we are going to have to work with what we have. What we have is going to be determined by a process and the Congress of the United States.

I would much rather see us spend time on trying to reprioritize from the standpoint of the Indian services that we are committed to as the needs of the Indian American groups change to emphasize indeed that there are new ways, new procedures, new enhancements, new incentives.

We can go into what is wrong with the BIA and almost go back to the reservation system, but this is neither the time nor the place to do that. A lot of these problems are created by the Congress in the manner in which they have taken the incentive out of the reservation system.

It is a tragedy and I think we have some direct comparisons in the manner in which settlements were made in my State where the Native American, whether they be Eskimo, Aleut, or Indians, are in the mainstream of active, economic vitality associated with what is going on in our State as opposed to what the rest of America has done which is basically put our Native Americans on a reservation system and leaving it up to the BIA and Congress to write a check. It has undermined the initiative and it is very unfortunate.

Mr. Chairman, I intend to continue to work for revision of that system so that we can free our native people from this bondage and get them in the mainstream of American life. Again, I would implore my colleague, let us work for more efficiencies and ultimately what we are going to have because all of us know that regardless of how much debate occurs here, how much debate occurs on the

floor, how much of a change is made or not made by our administrators, we are still not going to have the funds to do the job we would like to have done. We are going to have some funds and we are going to have to do a better job with those funds.

I thank the Chair.

Senator CONRAD. Well, Mr. Chairman, I do not want to prolong this but I have to say to you, overall Indian spending in constant dollars has gone down 40 percent from 1975. You have to be one hell of an efficient administrator to make these dollars cover the need when we were not addressing the need when we started out with 40 percent more money.

It is great to talk about economic development. You come to my State and go see the country we gave the Indian people. Boy, I will tell you, I do not care who you are, if you can scratch a living out of that country, you are a genius.

There are 20,000 homes that do not even have basic sanitation. Where is the morality in that? I do not see it.

I say we have to start getting on the rooftops and sending a powerful message somewhere that this has to stop. Somebody has got to stand up and it has to start with you it seems to me and all the rest of us have to join in and say this is not doing the job and by God, somebody has a responsibility here to help the Indian people.

Thank you, Mr. Chairman.

Senator MCCAIN. I appreciate very much the remarks of my friend from North Dakota and also the obviously spirited exchange that just took place between him and my friend from Alaska. Frankly, I think it is very helpful and I appreciate the indulgence of the witnesses while this discussion took place.

I have always had a profound belief that one of the basic problems that exists with regard to these issues is that Congress has the responsibility to inform the American people of these issues.

The Special Committee on Investigations' first witness of our hearings last year was Mr. Leonard Garment who is the former General Counsel of the Nixon administration. He made a point that I think certainly is a graphic demonstration of the problem.

He equated Congress' and the administration's attention to Indian issues to those of the 17-year locusts, once every 17 years the locust come out, makes a lot of racket, we pay a lot of attention to it and then it disappears for another 17 years.

I would agree with everything my friend from North Dakota has said. As far as Congress is concerned and the administration, we need to get their attention and perhaps our friend from Alaska is correct, more efficiencies have to be instilled. Perhaps funding is not the only answer, although I happen to feel that it is so far behind I think that clearly has to be addressed first.

Until we get Congress and the American people actively involved in caring and concerned about Native American issues, I have a certain lack of optimism about our ability to arrive at meaningful and permanent solutions.

That is why Senator Inouye and I asked the staff, majority and minority staff, to prepare those charts that we see here, today, so that it would perhaps provide a better demonstration of at least the funding problems for Indian programs.

A few weeks ago some members of the staff and I went to Gallup, NM and spent Saturday night in Gallup. If there is ever a dramatic and compelling case to be made for the illnesses that exist in some parts of Indian country as far as alcohol and substance abuse is concerned, I recommend an evening in Gallup, NM, with all due respect to the authorities there, State, local, and Federal, who try to get this issue under control.

Senator CONRAD. Mr. Chairman, if I might close this off. My ire was raised because of a set of circumstances. I walked in here this morning and saw these charts for the first time. I just read an editorial in my hometown newspaper and it starts out this way. "Who will help a frightened little girl?" It was 2 weeks ago the Tribune published a front page story revealing that four children from a Native American family on the Standing Rock Sioux Reservation had been beaten in their foster homes.

One of the children, Tamara Demaris, suffered broken limbs, black eyes, and numerous other injuries. She was 2 years old at the time. Tamara, now 5 years old, cowers in the dark in her grandparents' home reciting jingles from TV commercials.

This little girl is a victim. She is a victim of a system in which one woman has a caseload of 200. She was brutally beaten.

Then I come in and I see these charts and I say, what in God's name are we doing collectively. At some point, we are going to have to stand up and say, this is not acceptable. Now is the time. This cannot go on any longer. It is a moral outrage what is happening in this country. By God, we had better start standing up and saying so.

It is more comfortable not to say so. It would be a hell of a lot more comfortable to come here and ask the perfunctory questions. By God, while we are comfortable, people are suffering and some of them are little people who cannot protect themselves. So some place we had better screw up our courage and do something.

Thank you, Mr. Chairman.

[Applause.]

Senator MCCAIN. I would appreciate it if the spectators and guests at the hearing here would refrain from displays so that we can proceed with the hearing in an orderly fashion. I certainly understand the reasons for it, but I would appreciate restraint for the rest of the hearing.

Thank you, Senator Conrad, for your very strong words and I look forward to working with you in the future as we have in the past to address these issues. Again, I appreciate the indulgence of the witnesses.

Mr. Brown, I received a letter from Senator Boschwitz. It says he is writing with regard to the BIA funding for self-governance demonstration project. The BIA has zeroed out the program.

He says,

I am hoping you will take time out to question the Bureau about the proposed zeroing out of funding for the self-governance demonstration project. BIA has proposed to eliminate funding for the project because it claims it has gotten no application from participating Indian groups.

However, it is due to the Bureau's lack of cooperation that groups like the Mille Lacs Band in Minnesota have been unable to complete their applications.

Can you either address now or in writing a response to Senator Boschwitz' letter?

Mr. BROWN. Yes; we would be pleased to respond in writing with a response to that.

Senator MCCAIN. Thank you very much. I would like to announce that all members will be free to submit questions for the record to all witnesses at the hearing today.

Finally, Mr. Brown, we have taken perhaps too much time. Let us say that your fairy godmother, Richard Darman, bestowed on you $100 million, or perhaps more importantly, the Congress of the United States decided to appropriate an additional $100 million for BIA funding, how would you use it?

Mr. BROWN. Very clearly, one of the major concerns and long range concerns I have and had mentioned in my confirmation statement is the stabilization of tribe/agency dollars.

I believe as tribal governments become strengthened and take over more and more through 638 contracting of law and order, judicial services, natural resources, planning and inventories, clearly that is where dollars need to be, down there in the Indian community level providing those basic governmental services and needs.

I consistently find, as I have traveled and visited the tribes, needs in law and order, judicial services, those very basic kinds of things that create the kind of environment of strong communities, that infrastructure that is needed in education and roads, those very basic kinds of things that hold any community together and can be used to attract economic development to the community as well.

Senator MCCAIN. We may be asking you for certain priorities that you have in the future as we work particularly with Chairman Inouye who is, as you know, a member of the Appropriations Committee, and very deeply concerned, as is the rest of the committee, about sufficient funding for your programs, recognizing as my friend from Alaska has stated that more money does not always solve all the problems.

Thank you for appearing this morning. We appreciate your continued cooperation with the committee. Thank you very much.

Dr. Everett Rhoades, Director, Indian Health Service, Department of Health and Human Services, Washington, DC will be our next witness. Please proceed, Dr. Rhoades. As I mentioned before, feel free to summarize your statement. Your complete statement will be made a part of the record.

STATEMENT OF EVERETT RHOADES, M.D., DIRECTOR, INDIAN HEALTH SERVICE, DEPARTMENT OF HEALTH AND HUMAN SERVICES, ACCOMPANIED BY MILBURN ROACH, EXECUTIVE ASSISTANT; DR. JOHN PORVAZNIK, ASSOCIATE DIRECTOR FOR HEALTH PROGRAMS; AND BILL PEARSON, ASSOCIATE DIRECTOR, OFFICE OF ENVIRONMENTAL HEALTH AND ENGINEERING

Dr. RHOADES. Thank you very much, Mr. Chairman.

Before I begin, if I might have your permission, I would like to recognize and introduce the chairman of the great Kiowa Tribe of Oklahoma, Mr. J. T. Goombi, who happens to be my chairman and is present.

I am Dr. Everett Rhoades of the Indian Health Service, accompanied today on my immediate right by Mr. Milburn Roach, Executive Assistant; to my immediate left by Dr. John Porvaznik, Associate Director for Health Programs; and on Dr. Porvaznik's left, Mr. Bill Pearson, Associate Director, Office of Environmental Health and Engineering.

I would like to just make two or three points of the opening statement if I might, Mr. Chairman.

We intend, in 1991, to continue our mission of providing comprehensive health services to more than 1 million American Indians and Alaskan Natives.

Dating from the time of transfer of Indian services from Department of Interior to the Public Health Service in 1959, the health status of American Indians and Alaskan Natives in fact has improved dramatically, one example of which is the maternal death rate which has dropped from 82.6 per 100,000 live births in 1957–59 to 8.8 in 1986, a decrease of nearly 90 percent, achieving a level essentially equivalent to that for the rest of the United States.

Many other examples of gains in health status exist and we report these annually in what has become known as the trends in the IHS.

Access to services in the IHS likewise continues to increase. The number of ambulatory visits now available has increased from one-half of a million in 1955 to 5 million in 1988, an increase of over 1,000 percent and accounting for approximately five average visits per year in eligible Indian people. We have added 1 million annual visits in the last 8 years.

In addition, hospital admissions have increased from 50,000 in 1955 to 105,000 in 1988, an increase of more than 100 percent.

The request for budget authority for the IHS account is $1,278,000,000, an increase of just over $100 million of that appropriated in 1990. In 1991, as I said, we intend to continue the services funded in 1990, emphasizing a commitment to excellence of management and quality of care with primary attention to the immediate health care needs of Indian people.

The program of the IHS has grown by approximately 30 percent in the last 5 years, while the administrative support budget has grown by less than 3 percent. In addition, as has been pointed out by others this morning, the beneficiary population of Indians has grown at a rate of approximately 3 percent a year. This has certainly been associated with an increased demand for services.

This growth in program size and complexity, and the ever-increasing need for accountability of all aspects of the program have placed a sharply increased burden on the IHS administrative infrastructure.

This is particularly true in the administration and implementation of internal control measures and insuring adequate control of resources necessary to diminish the risk and vulnerability of the appearance of fraud and abuse.

The 1991 budget request includes $2 million for necessary staff to correct critical deficiencies in these administrative responsibilities.

We will also continue to emphasize innovative efforts in the prevention of illness, especially involving alcohol and substance abuse, injuries and mental health. Reduction of the modern causes of dis-

ease and disability requires a different set of precepts and disciplines than in the past when the provision of sanitation and immunizations proved so successful.

Techniques now required to prevent lifestyle-associated pathology require educating health care providers themselves to the new discipline of health promotion and disease prevention.

Changing the lifestyles of the health care providers themselves to be leaders in health promotion and efforts to secure the involvement of the respective communities and the development, ownership and empowerment of them to have control over their own health promotion activities.

Our continued emphasis on health promotion has produced some very gratifying results, none more so than in the field of alcohol abuse. For example, the adjusted death rate from alcoholism for American Indians and Alaskan Natives in reservation States have decreased by 61 percent since its peak in 1973.

Last year, more than 250 individual tribal action plans addressing alcoholism and substance abuse had been implemented and 88 percent of the federally-recognized tribes passed resolutions authorizing formation of tribal coordinating committees to address alcoholism and substance abuse in their communities.

I really do believe there is a growing momentum of alcoholism prevention in a variety of Indian communities. For example, I think it is very well publicized that at least two tribes—the Akhiok, a village in Alaska, and the Cheyenne River Sioux Tribe in South Dakota—have enacted tribal resolutions declaring that they intend to be free of the adverse effects of alcoholism by the year 2000.

In 1991, we will continue to allocate program increases among the various areas based upon user population, actual workload, health status indicators, and standardized cost factors while providing for participation of tribes in a planning, managing and staffing, and evaluating health service programs.

Mr. Chairman, members of the committee, I will be pleased to attempt to answer any of questions you might have.

[Prepared statement of Dr. Rhoades appears in appendix.]

Senator McCain. Thank you, Dr. Rhoades. I appreciate your being here today.

Dr. Rhoades, I am very disturbed that several reports to Congress that were requested from IHS are overdue or have not yet been received. On March 15, we are expecting a quarterly report to Congress on the state of contract care funding from the IHS. There is a report on a tribally-built hospital at Warm Springs that was due February 15. There is a report on the feasibility of including IHS detox facilities in BIA detention centers which is due March 1 and at the end of March, a study on the merging of the mental health and alcoholism program is due.

The budget included bill language which would cancelling the prohibition Congress put on the implementation of revised eligibility standards and we have yet to see the second eligibility study. What is the rationale here, doctor?

Dr. Rhoades. Mr. Chairman, there is no satisfactory rationale for not being able to do that. However, in fact we ration our administrative services the way we ration medical care.

During this past year, we have had to pull large numbers of people off their routine duties, first of all, to institute the program of implementation of the 638 regulations, the program established by the Congress which calls for us to collaborate very closely with the Bureau and with the nearly 500 tribes.

That basically has taken about 6 months out of the IHS administrative efforts.

Second, as you well know, the IHS had to pull substantial numbers of people off their respective duties last May to meet the requirements of the Senate investigating subcommittee.

The question that we deal with every day is what do we pull people off in order to meet the immediate needs. I have now pulled a group of people off their other duties in order to insure that we get these reports in as nearly a timely fashion as possible, and certainly that will meet a priority in subsequent years.

We are experiencing the same demand, I guess, as most of the agencies. That is, when I became Director of the IHS, we had something like 2 reports per year due and the number is now nearly 50 reports per year that we have to produce.

I do not offer that as an excuse at all, Senator McCain. It is an explanation.

Senator MCCAIN. Dr. Rhoades, it would make it a lot easier if you would just tell us that the reports are not going to be forthcoming and the reasons why. I do not know of anybody on our staff who has failed to return a phone call to you.

In the future, I would rather not have to bring this up and waste your time and mine in a hearing when you could contact us or the staff and tell us exactly what the status is of these reports. I am sure we would be more than understanding.

Dr. RHOADES. Your point is well taken. I certainly will give it my personal attention.

Senator MCCAIN. Thank you.

For 1 year now, Dr. Rhoades, we have been working with the IHS and the EDA to try and smooth out the wrinkles in the process to allow renovation of facilities for the Regional Youth Alcohol and Drug Treatment Center at Sacaton to move forward.

I was told in IHS that EDA was the problem. We finally got the lease signed on February 9 and just 2 days ago I understand that another layer has been placed on the process. It is my understanding you are now requiring internal IHS review of all facility projects exceeding $500,000 in cost.

I can understand your desire to make sure that funds are not being misused. I do not understand why I was never informed of the decision and I hope we can get this resolved as soon as possible.

Dr. RHOADES. I agree entirely, Senator McCain. It does represent the responsibility that we feel that we have to insure the quality, design and so forth. I do not believe that I can relinquish that.

However, that certainly is just an additional review that is required and we are just as anxious to get in place all of those regional treatment centers. My experience to date is that the adolescent regional treatment centers, for the first time in many years, have really provided us a major advance in providing services to young Indian people.

Senator MCCAIN. Perhaps later for the record, if not now, you can give me a clear description of what you anticipate the time line to be for this internal review process, both at the area level and at the central office level.

I think we have got to move forward with this and other facilities. We just cannot keep adding layers to the bureaucracy. I hope you can provide that to me either now or later on as to when we can expect it to be completed.

Dr. RHOADES. I would be glad to.

Senator MCCAIN. Dr. Rhoades, what was the level of last year's contract care shortfall?

Dr. RHOADES. Senator McCain, the term shortfall is one that, like so many things in the IHS, turned out to be extraordinarily complicated. It is a term which has a different meaning in budgetary concepts in the Administration.

Let me begin by saying that as partly reflected on your charts in the room here, and reflected in contract health services, the need for availability of services from the private sector to meet our best estimate of the needs of IHS I think is something like $60 million.

As has been pointed out I believe by Mr. Conrad and perhaps yourself, the inability to meet the ever-expanding eligible population and the continued high rate of inflation for purchasing medical care for the private sector in fact has eroded seriously into our ability to provide a comprehensive list of services. I would be glad to supply a more precise number for you.

Senator MCCAIN. Do you believe we are going to need a supplemental appropriations request for the contract care budget?

Dr. RHOADES. We have not discussed that. We have been operating under the assumption that a supplemental request would not be formulated. I haven't given consideration to that. I think it's conceivable that we might.

Senator MCCAIN. Dr. Rhoades, your statement implies the IHS vacancy rate is about 15 percent. We understand that nurses make up one-fourth of the IHS work force of more than 12,000 employees. Is the IHS presently operating with a shortfall of around 500 nurses?

Dr. RHOADES. Let me ask Dr. Porvaznik to address that specifically. The shortfall in that sense is fairly substantial.

Dr. PORVAZNIK. Perhaps a little less. The figure that we are working with is between 350 and 400, Senator.

Senator MCCAIN. What are you doing, Doctor, to try and rectify that problem?

Dr. PORVAZNIK. The problem, as you have alluded, is not specifically an Indian Health Service one but is based upon a nationwide shortage of nurses where the vacancy rate of nurses in the United States is approximately 15 percent. That same vacancy rate applies to the IHS.

We find ourselves in competition with the United States, in general, to try to attract nurses. In the past year, we have put into effect again special pay rate increases for our civil service nurses and have implemented a nurse accession bonus through the commissioned Corps of the United States Public Health Service.

Salary has been only one of the elements, I realize, but that is where we started.

Senator McCAIN. It is clearly a serious nationwide problem. Part of it has to do with salaries and I am hopeful that you and/or the Administration will be coming forward with requests for higher salaries for our nurses. Otherwise, the exodus will continue. Do you agree with that view?

Dr. PORVAZNIK. I would say that you are right. Salaries are one element of it. The other element, of course, is having—let me put it this way, Senator. I think this might be a helpful statement for you.

One of the biggest complaints that we get from our nurses as to why they leave is because of the number of other nurses that they have working with them at the same time. Salary is not the only or the major complaint that they have. It is the long hours, the element of burnout that they complain of, so it is twofold. Yes, salaries are a major one; the other one is increasing our supply of nurses.

Senator McCAIN. I do not want to beat this issue to death, Doctor, but the burnout occurs more rapidly when there is a shortage of nurses which in turn causes the nurses to have to work harder. It is a cyclical kind of thing.

If a nurse working on an Indian reservation can receive a much higher salary by moving to Phoenix, that nurse will oftentimes opt for the higher salary, do you think that is correct?

Dr. PORVAZNIK. Yes.

Senator McCAIN. Unless that nurse is gifted with a certain amount of dedication, which most of them are, obviously, but the IHS has got to at least be competitive salarywise.

Dr. PORVAZNIK. Yes.

Senator McCAIN. Staff tells me that special pay is amounting to $10 million and was not requested in fiscal years 1990 or 1991, so you will have to absorb this $10 million for special pay in other programs, is that correct?

Dr. PORVAZNIK. The special pay that you are referring to, Senator, was for physician special pay.

Senator McCAIN. Will you be absorbing it in other programs?

Dr. PORVAZNIK. That is correct.

Senator McCAIN. Dr. Rhoades, on page 54 of the justification appropriation estimates for Committee on Appropriations Fiscal Year 1991 Book, you will note the following sentence,

> A separate tribal health administration request will do much to assist in reaching our fiscal year 1998 goal of entrusting 75 percent of Indian health hospitals and clinics to tribal health administration.

How has your agency reached that goal?

Dr. RHOADES. I am sorry?

Senator McCAIN. The goal of 1998—

Dr. RHOADES. I did not understand the question.

Senator McCAIN. In your statement on justification of appropriation estimates, you are saying that your request will assist in reaching the IHS goal that by 1998 75 percent of Indian health hospitals and clinics will be turned over to tribal health administration. How do you propose to reach that goal?

Dr. RHOADES. I understand. That actually started out as a target, not a goal, in discussions with the Office of Management and

Budget, to reflect the commitment of the agency to Indian self-determination.

The barriers that had been identified, in our opinion, to decrease the numbers of tribes interested in taking over the program sprang from two major causes. One was just the level of funding that is available to the program itself and Indian tribes, quite appropriately, were skepti al of taking over a declining program.

Second, I think, as is widely recognized by members of Congress and certainly the tribes, is that the funds that were available to supply the support costs for those contracts have never been in our budget.

This current budget reflects an attempt to correct those deficiencies. The position of the IHS remains that the pace at which the tribes take over this program will be set by the tribes themselves and that a manifestation of self-determination is a decision by a tribe that they may want the Federal Government to operate their health program.

Senator McCain. I am concerned about the signal that sends, particularly when this decision is made by OMB or it originates at OMB because, obviously, it is their job to save money. Frankly, I have never been overwhelmed with their degree of expertise on Indian health programs.

Let me just finally ask you again about this issue of alcohol and substance abuse. Do you believe that the problem of alcohol abuse in Indian country is better or worse than it was when you first assumed your present position?

Dr Rhoades. I believe the overall mortality rate from alcoholism of Indian people reflected in deaths directly associated with alcohol and those indirect deaths associated with injuries with alcohol clearly are better. The proportion of deaths associated with alcohol is clearly better.

I thank you for your visit to Gallup, and I have been told about that. I do not mean to imply that things are 60 percent better in every community. It is the major epidemic in Indian populations at the present time.

The other thing that makes me very optimistic is that, although I cannot quantify it at the present time, in community after community, after community, I now see a determination by the tribal leadership; for example, there are now tribal councils who require drug testing as a prerequisite for serving on councils.

When I was on my own tribal council many years before I came to the IHS, my attempts to get discussions at public meetings about Indian alcoholism were not successful.

Indian communities are now engaging the question in ways that I find very encouraging. I am sure you understand I do not imply that the situation is acceptable.

Senator McCain. Well, as you know, since you mentioned Gallup, there is a compelling need for a detoxification center there. I have discussed it with Senator Inouye and we are going to do everything we can to try and at least get the matching funds for that.

I am not disputing your statistics, because they probably are a very important factor in this discussion, but in my travels and discussions with various Indian leaders, the problem particularly amongst young Indians remains very acute.

It has a lot to do with unemployment, break up of the family, et cetera, but in the view of most tribal leaders and many municipal leaders in towns like Gallup, they do not detect significant progress.

In fact, in my visit to your hospital, some of the doctors there were very indeed depressed about the numbers of people that they see, the high percentage that are alcohol-related whether it be an accident or whether it be an illness associated with alcohol abuse.

Dr. RHOADES. I agree with that entirely.

Senator MCCAIN. Thank you very much, Dr. Rhoades. Thank you all for being here.

Senator MCCAIN. The next witness will be Daniel F. Bonner, Acting Assistant Secretary for Elementary and Secondary Education, Department of Education, accompanied by Tom Corwin, Director, Division of Elementary, Secondary and Vocational Analysis, Office of Planning, Budget and Evaluation.

As I mentioned earlier, your complete statement will be made a part of the record. If you wish to summarize or whatever way you chose to proceed, welcome.

STATEMENT OF DANIEL F. BONNER, ACTING ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION, ACCOMPANIED BY TOM CORWIN, DIRECTOR, DIVISION OF ELEMENTARY, SECONDARY AND VOCATIONAL ANALYSIS, OFFICE OF PLANNING, BUDGET AND EVALUATION

Mr. BONNER. Glad to be here, Senator McCain.

I have two observations. One, this is my last day, so far as I know, being Acting Assistant Secretary for Elementary and Secondary Education. It has been a pleasure to serve.

Senator MCCAIN. Does this mean you are leaving?

Mr. BONNER. I am going to be with the Department of Education in another capacity but the confirmation is being held today, as I understand it, for my successor, Dr. John MacDonald.

Senator MCCAIN. Is he present?

Mr. BONNER. He is not. He is attending to other committee affairs.

The other statement I would like to make is that, in addition to the $75 million the Department is requesting for the Indian Education program for 1991, it needs to be said that the overall Department of Education expenditures having to do with assistance for Indian education approach $500 million. That is for all of our Department efforts, including that $75 million.

I think I can summarize, if you wish, Mr. Chairman, some of the highlights of the request for the Office of Indian Education and some of the accounts that comprise that total of $500 million.

In the Office of Indian Education, the only Department of Education office devoted solely to programs for Indians, we are requesting $75.8 million, an increase of $2.1 million above the fiscal year 1990 appropriation.

For subpart 1, the largest of the Indian education programs, we are requesting $56 million, an increase of $2.3 million over the 1990 level. Subpart 1 supports two programs for Indian students.

Under one, grants are awarded on a formula basis to local educational agencies. The other is a discretionary program under which grants are awarded on a competitive basis to Indian-controlled schools.

For 1991, we are proposing that the formula program be increased by $2.7 million in order to provide an increase in the per-student payment. These funds come from two sources: $2.3 million from a net increase in funding for this program and $451,000 to be reallocated from the discretionary grant program.

We are proposing to decrease the funds available for the discretionary program because the number and quality of applications have declined in recent years.

The budget request for subpart 2 of the Indian Education Act is $12.1 million, the same as the 1991 appropriation, not including the reappropriation for the gifted and talented and fellowship programs.

Of the seven programs that constitute subpart 2, two are designed to improve educational quality for Indian children; three help Indians train for professional careers in education as well as other fields; one supports resource centers that provide technical assistance services to projects funded under the Indian Education Act; and one supports activities for gifted and talented Indian students.

Under subpart 3, we are requesting $4.2 million, an increase of $171,000 to support education programs for Indian adults. I would like to turn briefly to the other portions of departmental activities that have a bearing on Indian education.

In Impact Aid, a significant portion of the funds appropriated for section 3 of the Impact Aid Program each year is distributed to school districts that serve Indian children.

Under the 1991 budget request for section 3, approximately 600 districts are expected to receive funds for the education of nearly 104,000 children residing on Indian lands. We estimate that these payments will exceed $240 million. Because the request for "b" payments includes funds for payments only for children residing in certain Federally-subsidized low income housing, school districts that include Indian lands would generally be unaffected by this change since children who reside on Indian lands are "a" children.

For impact aid construction activities, $27 million is requested for 1991, $10 million of which would be used for grants to districts that serve substantial numbers of Indian children and contain substantial areas of Indian lands. This sum should fund about four school construction projects.

In Vocational Education, grants under the Indian Vocational Education Program are awarded on a competitive basis to federally recognized Indian tribes and tribal organizations for services that are in addition to the services Indians are eligible to receive under other provisions of the Perkins Act.

During the current year, fiscal year 1989 funds totalling $10.8 million are supporting 38 tribal projects training approximately 2,300 participants.

In Compensatory Education for the Disadvantaged, 1 percent of the funds for the grants to LEAs program must be allocated to the

outlying areas and to the BIA. In 1989, the BIA received $25.2 million from this set-aside.

In Bilingual Education, the Bilingual Education Act authorizes discretionary grants primarily to local educational agencies for programs for limited English proficient students. In 1989, an estimated $12.4 million was awarded in grants to LEAs to assist an estimated 16,000 Indian students in learning English and meeting grade promotion and graduation requirements. The 1991 request for bilingual education is $175 million.

Under the heading "Drug Free Schools," under the Drug Free Schools and Communities Act, approximately 1 percent of the funds is reserved for programs serving Indian children in BIA-operated or supported schools.

The Department of Education transfers those funds to the BIA under a Memorandum of Agreement. The Department's 1991 budget request includes $3.7 million for Indian drug education programs, the same as the 1990 request.

In Vocational rehabilitation, the 1991 request for this program includes $4 million for the Indian set-aside. Under libraries, the Library Services and Construction Act authorizes a set-aside of 1.5 percent for Indian tribes from the appropriations for public library services, public library construction, and interlibrary cooperation.

Included in this list, Mr. Chairman, are two Department of Education programs for handicapped children, the Grants to States Program and the Grants for Infants and Families Program, which provide set-asides of 1.25 percent for services to Indian children on reservations served by elementary and secondary schools operated by the BIA.

The 1991 budget request includes a total of almost $21 million for these program set-asides, an increase of $934,000, or almost 5 percent, over the 1990 level.

I failed before to introduce my colleague, Tom Corwin, from the Department of Education, Office of Planning Budget and Evaluation [OPBE]. Mr. Corwin and I would be happy to answer any questions you have, sir.

Senator McCAIN. Thank you, sir. Tell your successor to come by and see us.

Mr. BONNER. Will do.

Senator McCAIN. We are told the Department estimates the cost of schooling to be rising at 7 percent annually. Although you have budgeted for an increase in the OIE budget, it falls far short of that. Can you give me an explanation for that?

Mr. BONNER. With the general need to allocate resources on a priority basis, we feel that the funding that we are providing, especially the increase in funding for the formula grant program, meets the most immediate and challenging needs under the program.

Mr. CORWIN. The inflators that we use are given to us by OMB, using their projections of the CPI based upon current levels. The projection for the 1991 year that they gave us is about 4 percent. I believe that is what we used for the Indian Education programs.

Senator McCAIN. You believe that your budget submission is keeping up with the cost of inflation?

Mr. CORWIN. Well, yes, for 1991. It would be consistent with those projections from OMB. Over past years, your chart is prob-

ably about correct. We did not keep up over the decade of the 1980's with inflation.

Senator MCCAIN. It is not a worthwhile use of your time or mine but obviously your budget doesn't take into consideration the dramatic increase in number of school-aged children on reservations. That frankly, is something not reflected in these charts.

Mr. CORWIN. I might point out that, for the most part, we are serving Indian children who are educated in the public schools. A small percentage of our money does go to BIA for services to the reservations but for the most part BIA has responsibility for that population.

Senator MCCAIN. As you know, there are a lot of public schools that are located on reservations?

Mr. CORWIN. Yes.

Senator MCCAIN. Late last year your Department solicited advice on whether a regional resource center should be established in Alaska. Our understanding is that there was much support from schools and Alaska Native groups, but your budget does not propose funding such a center.

Mr. BONNER. That is correct. The matter, I believe, is still under study.

Senator MCCAIN. So you decided not to act this year on that proposal?

Mr. BONNER. As things stand now, yes, sir.

Mr. CORWIN. We do not have increased funding for the resource centers as a whole. The issue, I guess, is what the regional configuration should be and if it is still feasible to serve Alaska from a northwestern center.

The competition will take place in fiscal 1991 and prior to that, we will, in consultation with the Indian community, come up with a configuration.

Mr. BONNER. We do recognize that distance tends to be a problem.

Senator MCCAIN. President Bush has made eradication of illiteracy by the year 2000 a national goal. Do you believe that $4.2 million for fiscal year 1991 for Indian adult education will move Native Americans toward that goal?

Mr. BONNER. Yes; emphatically so. What we do, our efforts in the main being directed toward vocational education, retraining and literacy especially, have to be concentrated better than ever before, but we certainly think it is an important contribution.

Mr. CORWIN. The $4.2 million request is not just an inflation adjustment but it reflects the fact that this Indian adult education program has received pretty good increases in the past couple of years, going from $3 million to $4 million very quickly.

Senator MCCAIN. Do you know what the illiteracy rate is among Native Americans?

Mr. CORWIN. I do not believe we have any good data on that. Currently, our National Center for Education Statistics is launching a major survey on illiteracy, reflecting the fact that we do not have good data on any population. There are wide differences in some of the estimates that prior studies have come up with.

That survey will not be available until sometime in early 1993, but by then I would hope that for different populations we would finally have good estimates in hand.

Senator McCAIN. It seems to me if we do not have data on what the illiteracy rate is among Native Americans, it is pretty hard to know what is an appropriate amount of funding.

Mr. CORWIN. Well, we have to make that judgment based on the number of good, solid applications we get for the program. When we moved from $3 million to $4 million, that seemed to be as much as could use in that particular program.

I would point out also that we have major increases proposed for our other, broader adult education programs in the Department that also serve Indians, including the State grants for adult education program with a 27-percent increase.

Senator McCAIN. In your view, of all population groups—recognizing what you just said about not having some hard data—in your personal opinion and in view of all population groups as far as education is concerned, are Indian students most at risk?

Mr. BONNER. They certainly must rank very high on that at-risk list. It is difficult in an imprecise, statistical setting to respond definitively but they certainly rank high.

Senator McCAIN. Would you view them in the top two at risk?

Mr. BONNER. Without attempting to be dogmatic about it, I would say the top three or five.

Senator McCAIN. Who would be higher?

Mr. BONNER. Perhaps other minority groups that are not easily identified, immigrant groups perhaps.

Mr. CORWIN. I do not know that any ethnic group would be higher. However, we have programs in the Department now for the homeless, a terribly needy group; we have programs for migrant workers, and other components of the school population that have different, sometimes very intense needs.

Mr. BONNER. It should be underscored just so there is no misunderstanding that we regard the matter as one of utmost seriousness. Whatever ranking anyone could come up with, sir, this is a matter of urgency.

Senator McCAIN. Mr. Bonner, what happened to the gifted and talented funds that were appropriated in 1989 but not spent?

Mr. BONNER. They were appropriated in 1989 and we had undertaken a process to identify appropriate applicants that would run a center the way we wished it to be run. In the review, we found that there simply was not the quality present to warrant the expenditure for that gifted and talented center during this year.

We are, however, engaged in the preparations for a new competition and we do believe we should have a solid applicant in place in time to begin work during the 1990 school year, September 1990.

Senator McCAIN. How soon will a Director of the Office of Indian Education be named?

Mr. BONNER. Sir, the process is actively underway. The National Advisory Council on Indian Education has just had its interviews with the candidates who applied and who have been identified as highly qualified.

The Department will do its interviews, we hope, next week or within the next 2 weeks. After that, the name of the person select-

ed must be submitted to the Office of Personnel Management. Personnel Management does its own work on this one.

We are treating this as a matter of the utmost exigency and hope to have someone in place certainly in the month of April, not later, but I do caution that bureaucratic matters could tie us up a little longer. We are not seeking that; we want the person on board as soon as possible.

[Prepared statement of Mr. Bonner appears in appendix.]

Senator McCAIN. Thank you very much. Thank you for your testimony here this morning.

Mr. BONNER. Thank you, sir, very much.

Senator McCAIN. Good luck, Mr. Bonner.

The next witness will be the Honorable Tim Wapato, Commissioner, Administration for Native Americans, Department of Health and Human Services, Washington, DC.

Welcome back, Mr. Wapato. Would you identify your colleague with you for the record?

Mr. WAPATO. Thank you, Mr. Chairman, and other members of the committee.

My colleague is Dominic Mastrapasqua. Dominic is the Deputy Commissioner at the Administration for Native Americans. Dominic had the distinction of serving as the first Commissioner for the Administration for Native Americans back in the mid-1970's and he has returned to the organization.

Senator McCAIN. Welcome back, Dominic. Thank you for being here today.

Mr. MASTRAPASQUA. Thank you.

Senator McCAIN. Tim, please feel free to summarize however you wish and please proceed.

STATEMENT OF TIM WAPATO, COMMISSIONER, ADMINISTRATION FOR NATIVE AMERICANS, DEPARTMENT OF HEALTH AND HUMAN SERVICES, ACCOMPANIED BY DOMINIC MASTRAPASQUA, DEPUTY COMMISSIONER, ADMINISTRATION FOR NATIVE AMERICANS

Mr. WAPATO. Thank you. We have prepared a written statement for the committee and we would submit that for the record. I am prepared to summarize that statement.

It is a pleasure to be able to appear before this committee today and present some of our views. First of all, we welcome the chance to support the Administration and the President's request for the $31,700,000 appropriation for ANA for fiscal year 1991.

Under the mandate of the Native Americans Program Act, we are to promote self-sufficiency in Native American communities which include American Indians, Alaska Natives, Hawaii Natives and this year, Native American Pacific Islanders within that mandate.

It is our policy and our goal and objective to promote social and economic strategies, our SEDS philosophy, within the administration of those grants for the native communities.

It is a unique program. It is a unique opportunity because it is a program that has flexibility and it allows programs to be determined at the local level, at the tribal level, at the Native communi-

ty level rather than back here in Washington, DC. It gives a way that true self-determination can be implemented at the community levels.

We continually get feedback from our various Native American groups that many of the successful projects that are successful in native communities have been started with ANA funds through the years.

One of the major components and major parts of the ANA philosophy is to promote the coordination and leveraging of ANA funds with other Federal dollars, with tribal dollars and hopefully with private dollars from private enterprise and private investors.

We have been engaged and have been able to fund projects in a number of areas which have either strengthened tribal self-governance or have helped start economic development projects in such varied things as industries, textile operations, tourism, retail and wholesale establishments, arts, museums, publishing, and electronics.

I think the vast array of the types of projects indicates that the program is flexible enough that it fits the specific needs of a specific community. Again, that's because it allows that idea to develop in that community rather than that idea being developed back here and be self-imposed or super-imposed on some community.

The SEDS philosophy has been around for about 10 years. We have started some new initiatives within the last 2 or 3 years which I would like to address very briefly.

The first one is the Native Hawaiian Revolving Loan Program which was put into the Act and mandated in the 1987 amendments. The fund began lending money to Native business this past year. They have received over 345 applications so far and 22 were approved.

The loans ranged from the neighborhood of $3,200 to $50,000. We are moving into the second year of that program, although we are in the last year of the appropriation.

The second initiative, which is just now beginning, is extending basic financial assistance grants to Native American Pacific Islanders. Those funds became available in the 1990 appropriations. Funds were not released for that purpose though until about January of this year.

To date we have received only one application. We anticipate further applications in our May 18 closing this year for Pacific Islander organizations.

The third initiative I think is one of the more important ones that we are engaging upon. That is spearheading a policy for the 1990's of implementation of full agency, and that means full Federal agency participation in a holistic and cooperative approach to the Federal Government's responsibilities for Native Americans.

This initiative, which must be implemented in tandem with our constituent communities and with Congress, has two distinct but interrelated parts.

The first part is to work with all of the Federal agencies toward a broader, governmentwide understanding of congressional intent and of Administration policy on Native American affairs. It is time to erase the presumption that only specified, earmarked programs naming these constituencies should serve those communities.

The second part is to work with categorical programs to integrate specific programs so that the cooperative efforts make feasible the holistic and complementary programming for those communities. We have begun that.

Some of our efforts to implement this initiative are as follows. Internally, in ANA, we are attempting to extend the planning horizon into the future beyond just getting out this year's grants and next year's grants. We are looking 5, 10, 15, 20 years down the road.

We are working through the Intra-Departmental Council on Indian Affairs, which is a council within the Department of Health and Human Services chartered by the Secretary. We have been charged this year by Secretary Lewis Sullivan, through that Council in a major address by the Secretary, to come up with a blueprint for increasing the cooperation and coordination of the HHS agencies in 1990–91.

The Commissioner for Administration of Native Americans also chairs that particular Council.

We are further working trying to insure across the board implementation of departmental responsibilities to improve health services delivery, combat alcoholism and substance abuse, reunite families and counsel problem-ridden, abandoned and runaway children.

We are working with the White House Task Force on Indian Affairs. We are working to try and have that organization be the body that can serve as the policy coordination mechanism for other Federal agencies within the Federal Government.

We have had a number of discussions with Dr. Brown on how we might best be able to do that.

We are addressing as a major initiative Native American Veterans issues. I know this committee had hearings last year at the Veterans Administration. We are attempting, through an initiative, to help this year with a National Indian Veterans Convention which would serve two purposes, one, to spotlight issues and two, to formulate policy options that could be brought back to the Administration and to Congress.

I have been named Coordinating Council on Veterans Affairs by Secretary Derwinski from the Veterans Affairs Department. We will be carrying that initiative through that coordinating body also.

We have recently concluded an agreement with the General Services Administration to make excess, surplus Federal property available to Native American grantees. By the end of the year, we expect to implement that into a number of grants.

Last but certainly not least, we are encouraging in the presentations that I make before Native American organizations that those organizations, whether they be tribal, Alaskan, Hawaiian, or Pacific Islanders, form think-tank operations whereby they can provide policy analysis of congressional legislation or Federal Administration policies, and where they too can come up with recommendations to bring back to the Federal establishment.

With that, I would like to again thank the committee for the opportunity to appear.

[Prepared statement of Mr. Wapato appears in appendix.]

Senator McCain. Thank you both for being here this morning. I would particularly like to compliment you on the White House

Task Force effort which is developing, maintaining, and promoting the implementation of a meaningful policy in which all Federal agencies actively participate.

I also would like to complement you on your work on the Veterans issues. It is a very big problem with the Native Americans and I thank you for that effort.

Not unlike all the other charts, this chart you do not even have to examine it to know what it says. It is declining ANA funding in real dollars, either real dollars or inflation adjustment. It is just like these other charts.

The 1982 funding for ANA was $34 million. For fiscal year 1990, we are now talking about $31.5 million. How do we justify that?

Mr. WAPATO. I think the determination has been made by the Administration that the funding fot this administration as it is administered and put out in the SEDS grants has been sufficient for the needs and for the applications coming in.

Senator MCCAIN. That is clearly not your personal view. How many of the grants which are determined to be fundable through the agency evaluation process are you able to fund under current funding levels?

Mr. WAPATO. We have no specific cutoff figure scorewise for the grants but we are able to fund approximately 33 percent of the applications that are submitted in any given year. That has been a pretty standard figure through the years.

Senator MCCAIN. The 33 percent figure is—what you are saying is that you could fund the other 66 or 67 percent if you were given the funding, is that correct?

Mr. WAPATO. Many of those applications would probably not be fundable for various eligibility reasons or technical reasons within the application. It is possible that additional grants could be funded, though, out of those applications.

Senator MCCAIN. How about 25 percent more, or about one-half of them?

Mr. WAPATO. I do not have the figure but it is a possibility that more grants could be funded.

Senator MCCAIN. Dominic, you were around in the 1970's, is that right?

Mr. MASTRAPASQUA. Yes, sir.

Senator MCCAIN. Did you envision this kind of reduction in funding over the years?

Mr. MASTRAPASQUA. No, sir; I did not. In fact, when I returned 1 year ago, I was somewhat taken aback by the dramatic figure change.

Senator MCCAIN. It would be helpful if the committee could get from you, Tim, a report on the number of fundable grants which you have not been able to fund, those which would meet the criteria and yet have simply just run out of money for. Could you provide the committee with that, please?

Mr. WAPATO. Yes, Mr. Chairman. We will provide that for the record at a later time.

Senator MCCAIN. I find the programs and projects that ANA is involved in to be of the utmost importance because you have the flexibility to engage in targets of opportunity, so to speak. That is why I more deeply regret your lack of funding since clearly if inno-

vative ideas or proposals come from Indian country, you are one of the first they approach.

We will see if we cannot rectify the problem that exists here. Would you like to make any other comments?

Mr. WAPATO. Thank you, Mr. Chairman, for those comments. I would like to extend an invitation if we are successful in gelling the National Indian Veterans Conference specifically to the two Chairs and Cochairs of this committee. If it occurs, it would be July or August of this year.

Senator MCCAIN. I know I can speak for Senator Inouye, whose service to our country speaks for itself, that he would be more than happy, as would I, to do whatever we can, to be there, if it would help in making your efforts successful.

Mr. WAPATO. It would be very helpful.

Senator MCCAIN. Dominic, do you have any other comments or could you give us the benefit of your years of wisdom? Did you have the white hair back in the 1970's too?

Mr. MASTRAPASQUA. No, sir; I did not.

Senator MCCAIN. Do you have any additional comments you would like to make?

Mr. WAPATO. He, in fact, yesterday told me he is not prematurely gray.

Mr. MASTRAPASQUA. Only that we are extremely excited about the agenda that ANA has put together. The Secretary's blueprint for action is encouraging. It means that Tim Wapato, as Chairman of the Intra-Departmental Council, will be able to look to the Department of HHS for greater involvement, and hopefully more effective resource allocation.

Tim failed to mention, probably out of modesty, that he was recently appointed to the Juvenile Justice Delinquency Prevention Council and in that capacity, he will be attending those meetings and will have the full benefit of 13 or 14 other Federal departments who obviously need to join forces with us in getting more resources effectively utilized in the Indian community. So we are excited, Senator.

Senator MCCAIN. Good. Thank you for being with us this morning. We appreciate your testimony.

The next and final witness is Michael Janis, General Deputy Assistant Secretary for Public and Indian Housing, Department of Housing and Urban Development. Mr. Janis, welcome. Please feel free to summarize your statement.

Before you do, it might be appropriate to mention that Ms. National Congress of American Indians, Yoonne Oberly, is with us today. We are honored by her presence. She is a member of the Osage-Comanche-Nez Perce Tribe. Ms. Oberly, would you stand? Thank you for being with us today.

STATEMENT OF MICHAEL JANIS, GENERAL DEPUTY ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, ACCOMPANIED BY DOMINIC NESSI, NATIONAL DIRECTOR OF INDIAN PROGRAMS

Mr. JANIS. Good morning, Mr. Chairman and members of the committee. I am pleased to be here this morning. Joining me at the

table is Dominic Nessi, National Director of Indian Programs. I would like to read a prepared brief statement and then would be happy to answer any questions by the committee.

I am pleased to have the opportunity to appear before you today to discuss the President's proposed 1991 budget for the programs affecting American Indians, Alaskan Natives and Native Hawaiians, and to review and reaffirm HUD's commitment to these important programs.

When Secretary Jack Kemp appeared last month before the House Committee on the Budget, he characterized the HUD budget as one that is serious and responsible, broad-based and innovative. In short, our budget clearly reflects President Bush's and Secretary Kemp's unwavering support of a society of economic opportunity, entrepreneurship, affordable housing and home ownership.

The President's budget, which represents the first real dollar increase in the proposed HUD budget authority in almost a decade, underscores this Administration pledge to provide decent, clean, safe and affordable housing which are at the very heart of the aspirations of all Americans.

The citizens of particular interest to this committee, American Indians, Alaskan Natives, and Native Hawaiians, have not always been buoyed by the economic tide of recovery which has resulted in the longest peacetime economic expansion in our history.

We recognize fully that American Natives today represent the fastest growing minority group in the United States and their ever-increasing housing, home ownership and economic develop needs must be addressed comprehensively and completely.

As Secretary Kemp has said, to move this country forward, we cannot afford to leave anyone behind. HUD will work in conjunction with this Congress, this Committee and this Administration to insure that we will provide help and hope to the fellow citizens in need.

Today, there are close to 70,000 units of HUD housing on Indian reservations. We have approximately 7,300 units in the pipeline and more than 1,700 units to be developed this fiscal year. Of those 70,000 units, over 23,000, over a third of those, have been funded for rental purposes.

Since 1961, the rental program has been a successful program. From Mutual Help Home Ownership programs to Turnkey III, HUD has helped Native Americans realize the quintessentially American Dream of home ownership.

In the public and Indian housing area, the President's budget asks Congress for almost $2 billion in modernization funds, twice that of last year's request, coupled with $3.4 billion of appropriated funds currently in the modernization pipeline and nearly $2 billion for operating subsidies.

The budget demonstrates an Administration adamant in its efforts to insure that the quality of life for, and the essential necessities of, low-income Americans of all races, colors and creeds should not be compromised.

In fiscal year 1989, Indian Housing Authorities received $43.2 million of Comprehensive Improvement Assistance Program funds for modernization, as well as similar amounts in operating subsidies representing nearly $100 million in HUD assistance.

In this fiscal year, the Department will spend nearly $53 million in modernization funds for Indian housing.

We recognize this committee's consternation at the lack of housing starts authorized in the current budget. However, the Department is not wanting in its commitment to Indian programs nor wavering in its recognition of the real needs that exist on Indian reservations.

In an era of ever-pressing budget constraints, we simply sought to direct limited resources in Indian and other HUD programs to rehabilitation and renovation, to evaluation and enhancement of existing activities.

Secretary Kemp has stated repeatedly that an individual's lack of housing often reflects a sad symptom and not the sole cause of true need. Thus, the Department—through the Community Development Block Grant Program—has sought to provide funds from the economic, rehabilitation and community development demands which exist on many, if not most, reservations. Since 1975, tribes have received more than $337 million in Community Development Block Grant funds.

Indian tribes have innovatively used these funds, more than $25 million in 1989 alone, for housing rehabilitation, construction, public infrastructure, community facilities and land acquisition.

Moneys from the Community Development Block Grant Program were effectively combined with funds from the BIA and the IHS to empower, enhance and energize economic activity on reservations throughout the country.

While the Community Development Block Grant Program normally funded through the Secretary's Discretionary Fund is not directly within my program purview, I know that the Department has prepared legislative language for Congressional consideration which will likely restore the 1990 funding to that critical program.

Indeed, the Department looks forward to working with our authorization and appropriation committees to ensure that this vital economic development tool shall once again be effectively in the hands of Indian tribes.

Finally, the National Commission on Native American, Alaskan Native, and Native Hawaiian, while authorized but not appropriated funds by Congress, is receiving the full and immediate attention of the Department.

Mr. Chairman, I believe that President Bush, Secretary Kemp, and this Administration are fully committed to provide homes and hope, entrepreneurship and economic opportunity to all Americans.

I personally look forward to working with you to ensure that decent, safe, and affordable housing shall become a reality for Native Americans.

As Secretary Kemp said recently,

> We are proud of the fact that over the past year we have begun to work as a partner with Congress to address our pressing housing and economic development priorities.

I look forward to serving with my colleagues at HUD as part and parcel of that partnership.

Thank you and I would be pleased to answer your questions at this time.

[Prepared statement of Mr. Janis appears in appendix.]

Senator McCAIN. Thank you, Mr. Janis.

Does your department accept the BIAs' estimate of a need for more than 90,000 homes on Indian reservations?

Mr. JANIS. We have received the report, Mr. Chairman, and we have no basis on which to dispute that report.

Senator McCAIN. If you do not dispute it, then how can you explain the elimination of the program for Indian housing units?

Mr. JANIS. As I mentioned in my testimony, in the budget review process because of competing budget demands, the emphasis in the 1991 HUD budget is on the existing housing stock, improving the stock, and providing increased home ownership opportunities for individuals on Indian reservations as well as other Americans.

Senator McCAIN. Our understanding is that the budget is based on the determination that your department has the responsibility for Indian housing. Do you accept that? Is your department the organization that has the responsibility for Indian housing?

Mr. JANIS. Mr. Chairman, my opinion is that we should not be the only organization responsible for Indian housing. I personally feel that one of the problems we are facing in Indian country today is that there are limited housing resources, and limited resource providers.

I would personally like to see as many housing providers, indeed not only public providers of housing but private providers of housing, encouraged to participate in the provision of housing.

Senator McCAIN. Mr. Janis, we would like to encourage private providers of housing also on Indian reservations but it is very difficult to envision such a program given the unique status of Indian reservations.

The Hope Program would provide for the creation of 50 enterprise zones in the most economically depressed areas, distressed areas. Will Indian tribes be eligible?

Mr. JANIS. Yes, sir; they will be eligible for most of the programs of the President's proposed Hope Program.

Senator McCAIN. Earlier this month, this committee wrote to Secretary Kemp asking what the Department's proposed strategy for meeting Indian housing needs was. I guess your statement answers that question today, is that correct?

Mr. JANIS. Yes, sir; but we will provide also a written response to that.

Senator McCAIN. As you may be aware, committee staff have met with Acting Assistant Secretary Joe Shiff to urge the Department to make funds available to launch the National Commission on Native American, Alaskan Native, and Native Hawaiian Housing as early as possible this fiscal year. Will the Commission be operational this year?

Mr. JANIS. I do not know. We are working on—based upon the last discussion, we are working on developing some estimated cost figures for that and we would be prepared to get back with committee staff next week to begin further discussions of the Commission.

Senator McCAIN. We are concerned that progress has been slow in curing the technical defects of the HUD Reform Act which bar the award of Community Development Block Grants to tribes. Your staff has been working with our staff to write technical amend-

ments that, once passed, would enable grants to be made to the tribes. Has this work been completed yet?

Mr. JANIS. My understanding is that it is either 100 percent completed or virtually completed.

Senator MCCAIN. Are you familiar with the Davis Bacon Act, Mr. Janis?

Mr. JANIS. Yes, Senator.

Senator MCCAIN. Do you have a view as far as its applicability to Indian housing?

Mr. JANIS. No.

Senator MCCAIN. We hear from tribal chairman after tribal chairman that they would like to have the flexibility to determine on their own reservations whether that law should be applicable or not.

Mr. JANIS. Senator, from my familiarity with that, that is a rather strictly drawn statute and I would assume that would require a statutory change.

Senator MCCAIN. I would like to ask our distinguished Staff Director, Mr. Alan Parker, if he has any questions?

Mr. PARKER. Thank you, Mr. Chairman. I think you asked every question that I had on my list.

I did want to make one point though with the witness. In the testimony there is reference to the initiative in modernization funds. Your testimony states that "there will be $2 billion in the fiscal 1991 proposal for modernization funds."

I understand that there is a matching requirement that is associated with those funds. Is that correct?

Mr. JANIS. Of the $2 billion for modernization in 1991, there is a proposed matching of $150 million that is proposed.

Mr. PARKER. So that would be a nominal match?

Mr. JANIS. It would be a very nominal match, yes.

Mr. PARKER. Do you have any information as to the percentage of those modernization funds that have been made available in Indian country with Indian communities?

Mr. JANIS. The percentage? This year our allocation of modernization funds, I believe, is 2.7 percent of the total allocation, for this year, during fiscal year 1990. We have not reached a point of determining in the 1991 budget of that $150 million local match, how that would apply to the Indian program. I do not know that.

Mr. PARKER. Thank you, Mr. Chairman.

Senator MCCAIN. Thank you very much, Mr. Parker.

We have a letter from the National American Indian Housing Council. It has been addressed to the Chairman, Senator Inouye. without objection, that will letter will be made part of the official record.

[Letter from the National American Indian Housing Council appears in appendix.]

Senator MCCAIN. Mr. Janis, I would like you to seize the opportunity sometime, and I would be glad to accompany you, to visit Arizona and New Mexico, and have a look at the housing. I would be glad to show you some areas where not only are there houses in need of rehabilitation, but houses that neither you, nor I, would want anyone to live in.

There is clearly a need for housing itself, new homes for a rapidly expanding Native American population which I think might cause you to reconsider a proposal of zeroing out Indian housing requests.

Perhaps I should try to take Mr. Darman along with us. I think you are going to see some restoration of funding on the part of Congress because I just do not see how we can zero out this program at this particular time.

I appreciate your testimony and thank you for coming. We look forward to working with you.

Mr. JANIS. Thank you, Senator.

Senator MCCAIN. That concludes our hearing for this morning.

[Whereupon, at 11:10 a.m., the committee was adjourned, to reconvene at the call of the Chair.]

APPENDIX

Additional Material Submitted for the Record

STATEMENT OF THE HONORABLE EDDIE F. BROWN
Assistant Secretary - Indian Affairs

before the

Select Committee on Indian Affairs
United States Senate

February 28, 1990

Mr. Chairman, members of the Committee, I am pleased to appear before you today to present the fiscal year 1991 budget for the Bureau of Indian Affairs.

The fiscal year 1991 request for the Bureau totals $1,637,731,000 in annual funds, permanent appropriations and trust funds. Of this amount, $1,185,178,000 represents direct Federal appropriations in support of the operation of Indian programs, construction and loan activities and payments related to various settlement acts. These funds are used to support numerous activities in the areas of education, social services, law enforcement, natural resource protection and enhancement, Indian rights protection, construction and maintenance of facilities, and general administrative costs in carrying out the Federal governments commitments to more than 900,000 Native Americans. The Bureau of Indian Affairs budget is the largest of the bureaus in the Department of the Interior and accounts for 21 percent of the entire Departmental budget for the coming year. I am also pleased to point out the fact that this budget is the largest request ever submitted for the Bureau of Indian Affairs.

The fiscal year 1991 budget proposes a reduction of $170 million below the FY 1990 post-sequester level. This decrease, however, largely reflects one-time appropriations provided last year. For example, $54 million was provided to cover the estimated cost of converting self-determination contracts from a calendar year to a fiscal year basis; and $139 million was appropriated for non-recurring costs of Indian settlements.

The pending budget request focuses on five major areas: improving educational opportunities in bureau-funded schools; strengthening self-determination opportunities for tribal governments; carrying out the Federal Government's trust responsibility; restoring and enhancing natural resources on reservation lands; and addressing the needs to improve the internal management and administration of the Bureau of Indian Affairs.

MANAGEMENT AND ADMINISTRATION OF THE BIA

It is clear that the ability of the Bureau to effectively meet the management and administrative requirements common to all federal agencies is an essential prerequisite if we are to provide an acceptable level of service to tribes and individual Indians. However, in a report recently published by the Office of Management and Budget, the Bureau of Indian Affairs has been cited as one of the federal agencies having serious management and internal control deficiencies. The Department of the Interior is planning to address this issue at three different levels: from the office of the Under Secretary; from the Office of Financial Management within the Department; and within the Bureau itself. Additional resources are requested in all three areas of the Department's FY 1991 budget.

With respect to the Bureau's budget, several initiatives, in addition to trust management improvements, are proposed for FY 1991. Included is a request for $1 million and 19 staff to establish an office of audit and evaluation. The Bureau presently lacks internal capacity to detect and correct internal control weakness which could lead to loss of financial resources or decrease program effectiveness. As has been stated time and time again in reports issued by the Office of the Inspector General, the Bureau has regularly failed to implement completely the required corrective actions. In addition to conducting internal programmatic and financial reviews, this office will also be charged with the responsibility for follow-up on IG and GAO reports in an effort to ensure that the corrective actions required are indeed implemented and functioning as intended.

To better assist tribes in stimulating economic development by providing access to capaital and technical assistance, $500,000 is rquested to undertake an independent review of BIA's direct and guaranteed loan portfolios. As of the end of FY 1989, loans in these two programs exceeded $300 million. These portfolios have never been reviewed by an outside, professional firm. Loans that have been defaulted will be reviewed and recommendations made as to actions that can be taken to stabilize the portfolios and prevent future defaults.

In response to several Inspector General reports regarding deficiencies in the Bureau's dam safety program, the 1991 budget proposes to transfer the responsibility to the Bureau of Reclamation. Funding for dam safety activities on Indian reservation is included in the budget of that agency.

EDUCATION

For the operation of elementary and secondary schools, support of post-secondary institutions, grants to Tribally Controlled Community Colleges, JOM Supplemental education programs, scholarships and adult education, the budget requests $313.3 million. When one considers the amount of money from the facilities management budget, from the facility improvement and repair program, and from the construction account that is used to support the bureau's education program, approximately 25 percent of our entire budget is dedicated to education.

The Bureau has established a goal of raising the educational attainment of students in federally-funded schools to the national norm by the year 2000. In support of the objective, additional training opportunities will be provided for teachers and principals; new equipment will be purchased for schools; and demonstration projects will be implemented targeted to preschoolers and their parents.

With funds budgeted in the General Administration portion of the budget, research instruments will be developed and evaulated for use in measuring progress toward meeting our goal. In addition, formal review teams will be established to conduct extensive on-site reviews of school operations to determine compliance with all areas of academic and dormitory standards. The results of these reviews will be made available to school administrators, school boards, and to the tribes served by the particular school.

Secretary Lujan joined me in hosting an education conference in Santa Fe on February 12th and we have scheduled another conference in Aberdeen, South Dakota for March 12th. We will use the insights gained from these meetings to further define objectives and methods of achieving gains in Indian education so that the policies established in Washington reflect the desires and needs of students attending our schools as defined by parents and school boards.

In addition t the funds provided through the BIA budget for bureau and tribal schools, approximately $51 million for various educational programs administered in Bureau schools is made available to us through the Department of Education. In the past year, we have strengthened our working relationship with that Department and look forward to the continued support and interest in Indian education which has been displayed by Secretary Cavazos.

SELF-DETERMINATION

To further Indian Self-Determination opportunities, the request contains funds to expand the Small Tribe Core Management grant program to a technical assistance program of wider applicability, as authorized by the Indian Self-Determination Act Amendments of 1988. Often, tribes have found that the specialized assistance they require for a particular project is simply not vailable within the BIA. These grant funds will enable tribes to seek assistance from the private sector as well as the Bureau to meet particular needs.

To better ensure a stable funding base for tribal contractors, the budget continues funding provided in prior years for the tribe/agency section of the budget. These amounts have been added to the planning bases of the affected tribes. The budget includes $69.9 million for contract support payments for tribes and tribal contractors. This amount includes $19 million for education Administrative Cost grants, $7 million for contract support of construction contracts, and $43.9 million for indirect costs associated with other programs which are contracted by tribes or tribal organizations.

A total of $7.5 million is contained in the budget for staffing and operation of the emergency shelters and juvenile detention facilities constructed with funds appropriated pursuant to the Anti-Drug Abuse Act. It is expected that tribes will contract with the Bureau for the operation of all of these facilities. Total funding of $16.8 million is requested for drug-related activities in law enforcement, education and substance abuse counseling. This represents a $2.2 million increase over FY 1990.

To improve the infrastructure on reservations, which is essential to expanding opportunities for tribal growth and development, the budget includes $37.3 million for road maintenance and $20.2 million for improvements to the housing stock.

For the first time, the Consolidated Tribal Government Program is displayed as a separate line in the budget. This program was begun on a demonstration basis in the early 1980's. It allows tribes to consolidate activities in one budget line and to administer the programs in a combined fashion under a single contract which increases administrative efficiency for the tribe and allows for somewhat greater flexibility in meeting shifting requirements within the tribe/agency portion of the budget. Through the Indian Priority System budget development process, tribes moved $9.2 million from other programs to this line of the budget and we anticipate that this number will increase in future years.

Bill language is also included with the budget request to continue coverage of tribal contractors under the Federal Tort Claims Act during FY 1991. This should allow sufficient time for completion of the liability insurance study requested by Congress and for the Administration and Congress to review the available options and make a determination for future years.

TRUST RESPONSIBILITIES

The Bureau has begun to take action on a number of fronts to improve our administration of the $1.7 billion which is held in trust for Indian tribes and individual Indians. Last year the Bureau contracted with Arthur Andersen & Company to conduct the first known outside audit of trust funds. The auditors made numerous recommendations for changes and improvements in the way we have managed this program. In response to the Arthur Andersen report, corrective actions have been developed to address deficiencies at the agency and area levels. Following the Arthur Andersen audit, the Office of the Inspector General issued an audit report on trust fund management.

As a result of these reports, the Secretary signed an order in August 1989 establishing a separate office of trust funds management which will be under the direction of a Senior Executive Service employee who will report directly to the Assistant Secretary - Indian Affairs. We expect that position to be filled in the near future. Our FY 1991 request includes funds to provide additional staff support to that office so that the functions which had previously been divided among three different organizational components within the Bureau, can be consolidated and effectively performed.

As required by statute, the Bureau will hire an outside auditor to audit the funds held in trust prior to the transfer of those funds to Security Pacific National Bank for custodial, investment, and reporting services. It is our plan this year to audit the judgment and non-judgment trust accounts of the 25-27 tribes having the largest balances of funds held in trust. This audit will cover approximately 73% of the dollar volume of tribal trust funds, and about 52 percent of the total funds held in trust by the Bureau. We plan to complete the tribal trust audits during FY 1991, and begin to develop an audit plan for the Individual Indian Money accounts. It is also our intention to continue to have outside auditors prepare annual financial statements on the trust funds. The Secretary has identified the improved management of trust funds as one of his top two priorities for the Bureau of Indian Affairs.

The Bureau is responsible for providing title service and maintaining land ownership data on 53 million acres of trust land in which there are over 2 million ownership interests. As up-to-date and accurate title information is essential to certify ownership, encumbrances, heirship data, and to distribute income from the land, the budget requests an increase of $2.3 million for the land title and records offices. In concert with this request, the Bureau also proposed to undertake a five-year effort to reduce the backlog of approximately 4,800 Indian estates awaiting probate action. Until probate is completed, heirs are unable to obtain the income which may be generated from leases of the land. The backlog has reached such a high level in some agencies -- some having more than 200 estates requiring research, that the task simply can not be completed within existing staffing resources.

NATURAL RESOURCES

In the area of Natural Resource Development there are several increases requested which are noteworthy. To restore the productivity in Indian farm and rangelands, we are requesting that the prairie dog control program be doubled and that the noxious weed eradication program be increased by $1.3 million. Under the prairie dog control program, 120,000 infested acres on four reservations will be treated over a five year period. A five-year management plan to eradicate noxious weeds on 750,000 acres of Indian lands has also been developed. Multiple control methods will be used and the Bureau will also work with non-Indian land owners

who own adjoining lands to better ensure the long-term effectiveness of this treatment. An increase of $2 million is included in the budget for the multi-year forest development backlog reduction program. The additional funds are required to meet the higher per acre costs of the lands remaining to be reforested and to provide silviculture treatment to lands previously reforested in order to ensure optimum forest growth rates.

CONCLUSION

In addition to these five major areas of interest, I would draw your attention to the fact that the pending request contains the full amount required in FY 1991 to complete funding for the Aleutian and Pribilof Islands Restitution Act and for the Salt River Pima-Maricopa Water Rights Settlement Act, and it includes the second of three payments required under the Colorado Ute Indian Water Rights Settlement Act. Further, the Department has established several water rights negotiation teams which are actively pursuing negotiated water settlements with a number of Indian tribes.

This concludes my opening statement. I would be pleased to respond to any questions the Committee may have concerning the pending budget request for the Bureau of Indian Affairs.

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

APR 09 1990

Honorable Daniel K. Inouye
Chairman, Select Committee on Indian Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Your March 13, 1990, letter transmitting questions from your February 28, 1990, hearing on the FY 1991 Budget of the Bureau of Indian Affairs was received by the Bureau on March 23, 1990. The answers have been developed by staff of the Bureau of Indian Affairs, and I am pleased to forward them to you with this letter.

On behalf of the Bureau of Indian Affairs, I appreciate your continued interest and support of Indian programs.

Sincerely,

Eddie F. Brown

Assistant Secretary - Indian Affairs

Enclosure

cc: Honorable John McCain, Vice-Chairman
Select Committee on Indian Affairs
United States Senate

Additional Committee Questions

Equity Funding Study

Question: What is the status of the Equity Funding Study and does the BIA have any plans to implement all or part of the study?

Answer: The first phase of the study has been completed by the contractor. After the results have been reviewed and analyzed by the Bureau, a determination will be made about whether to proceed with the processes that would be required for implementation.

Congressional Add-Ons

Question: When Congress appropriates an add-on for a specific program for a specific tribe in one fiscal year, how is the decision made about where that item is presented in the budget for the next fiscal year?

Answer: In virtually all cases, the item is presented in the activity and subactivity where Congress provided the additional funds. If it is not included there, any transfer to another budget line will be noted under "Transfers" in the front of the budget justification.

Indirect Cost Rate Negotiations

Question: What is the status of the proposal to transfer the task of negotiating tribal 638 contracts from the Office of the Inspector General to the Office of the Secretary of the Interior?

Answer: The FY 1991 budget does not contain any proposal to transfer indirect cost rate negotiations from the Office of the Inspector General.

Safety of Dams Program

Question: With regard to the Safety of Dams program, the Bureau has proposed to transfer its base amount to the Bureau of Reclamation and that agency has requested additional amounts to work on the most unsafe of the Bureau's dams. Could the BIA do the same work if the same funding were appropriated to your agency?

Answer: No, the BIA does not have a technical staff which could perform the same functions as Reclamation. When funding was appropriated to BIA, the work was accomplished either by tribes under P.L. 93-638 contracts or by Reclamation under an interagency agreement. In most instances, Reclamation is the primary technical consultant.

Question: What is the rationale for the transfer?

Answer: The transfer of the Dam Safety Program to Reclamation is based on the Secretary's decision to utilize specific expertise within the Department of the Interior to manage and administer Indian programs. Reclamation has the expertise to manage and administer the Safety of Dams Program for the BIA.

Question: Could the BIA contract with the Bureau of Reclamation for that agency's expertise?

Answer: Yes, the BIA and Reclamation have an existing interagency agreement for safety of dams work.

Question: If the proposed transfer is agreed to by Congress, will tribes be able to contract under the 638 program for dam safety programs? If not, why not? Was this factor considered in making the decision?

Answer: Yes, tribes will be able to contract Safety of Dams projects from Reclamation.

Question: Were tribes consulted?

Answer: Although no formal consultation occurred, the Assistant Secretary discussed the dam safety program with tribes in his travels throughout Indian Country.

Funding for Schools

Question: While tribal contract schools are now forward funded by one quarter, this is not true for Bureau operated schools or for grant schools. In fact, these are the only federal education funds that are not forward funded. Will the Bureau be making necessary legislative recommendations to accomplish forward funding so that, in the budget for fiscal year 1992, the BIA can request such forward funding for the Bureau operated schools and for tribal grant schools?

Answer: The legislative authority to forward fund Bureau-operated schools was provided in P.L. 100-297, and the Bureau will consider requesting the necessary additional funding in FY 1992. We do not foresee requesting legislation to forward fund grant schools which are required by law to receive payments in October and January.

Question: In the 1990 budget request, the Bureau projects a decline in enrollment in Bureau-funded schools. There was, however, an increase in enrollment of 400 students in 1990, leaving a smaller per pupil expenditure than was planned. Again in 1991, the Bureau predicts a declining enrollment of 389 students and justifies a reduction in the Indian School Equalization Program (ISEP) formula for schools of about $1.2 million. With the high birth rate in the Indian population, shouldn't the BIA budget show increases instead of decreases, particularly with the recent experience of 1990?

Answer: Actual enrollment figures are never available until after student count is accomplished in the fall. The FY 1991 enrollment estimate is based on the steady decline in enrollment since 1984. Because the increase of 410 students in FY 1990 was so unexpected, the Bureau surveyed enrollment in January and found that student count was down by 710 students.

Question: What was the projected WSU amount per pupil for 1990 in the 1990 request and what has been the actual amount the schools have received?

Answer: The FY 1990 budget request projected a WSU value of $2,490. Thus far in FY 1990, the Bureau has distributed $2,491 per WSU.

Student Transportation

Question: What is the rationale for including transportation costs in the ISEP formula, rather than keeping a separate budget item so that Congress can see what dollars are needed and what dollars are spent on this important item?

Answer: Since the original passage of P.L. 95-561, the Bureau has had the authority to include transportation in the ISEP formula. For Bureau-operated schools, the financial system will still collect data on actual expenditures for transportation.

Question: If miles are increasing, why was the 1990 Congressional add-on proposed for deletion in 1991?

Answer: The budget is formulated before the official mileage figures are available for the current year.

Question: What were the actual numbers of student transportation miles in 1989 and 1990 and what was the rate paid per mile in each of those years?

Answer: In FY 1989, miles reported were 9,100,598 and the rate per mile was $1.15; in 1990, miles reported were 9,796,680 and the rate per mile was $1.12.

Question: If schools do not have enough transportation money to meet costs, how do they make up the shortfall?

Answer: Schools have always had the flexibility to use transportation funds for instructional programs or to use instructional funds for transportation. This flexibility will continue.

Question: How many new and replacement school buses are needed by the Bureau schools and for how many has the Bureau budgeted in 1991?

Answer: The schools report a need for replacing 26 buses in FY 1991. The budget requests authority to purchase 26 buses to be purchased from ISEP funds at the local school level.

Substance Abuse Counselors

Question: The BIA proposes to delete $500,000 for substance abuse counselors because there is a shortage of trained people. Why doesn't the Bureau use the money to train counselors (not teachers as proposed in the Budget justification -- they are needed in the classroom).

Answer: Certification as a substance abuse counselor can require from 12 to 15 months of training depending on the counselor's current level of certification. Training existing academic and homeliving counselors would require them to be away from the school for that length of time and the students would receive no counseling services. The Bureau feels it is important to train teachers to be sensitive about substance abuse issues since they spend so many hours of the day with students.

Question: With regard to funding education positions at the Area and Agency levels, the Budget justification shows no decrease in funding from the base for the so-called element 10 item but there is a reduction of 20 fulltime staff positions. How much money would be needed to continue funding these staff positions in fiscal year 1991?

Answer: It would cost about $1.3 million to continue funding these staff positions in FY 1991.

Question: Are the proposed staff reductions in 1990 actually being accomplished by attrition as stated in the budget justification or will staff have to be terminated?

Answer: As stated in the justification, to a large extent the reductions will be accomplished through attrition, but reductions in force will be required at some locations.

Johnson-O'Malley

Question: With regard to the Johnson O'Malley supplemental education program, the Bureau states that it supports the program, but deletes last years Congressional add-on of $3.1 million on the grounds that: (1) there is a higher priority for basic education programs; and (2) because of increased funding per student on the part of states. What is meant by this latter statement, and are there supporting figures for this statement? A primary reason for this question is, of course, the fact that tribes and tribal organizations contract to operate 226 of the 325 JOM programs and it is unclear how those contracts are affected by increased state funding for education.

Answer: The statistics used to calculate the JOM distribution are from the Digest of Education Statistics and indicate that over the past few years state per pupil average expenditures have increased. Though tribal contracts are not affected by increased state funding, the students receiving the supplemental services of JOM receive the benefits of additional state funding for education.

Scholarship Programs

Question: For the special higher education scholarship program for Indian students in postgraduate studies, what are the non-priority fields that the Bureau is proposing to delete?

Answer: The Bureau is not proposing the deletion of non-priority fields of study, but the contractor is supposed to give priority to those students in professions of law, education, medicine, natural resources, engineering, business administration, and social work which were identified by tribes as priority fields.

Question: Are the decreases in scholarship and adult education funds contained in the Tribe/Agency sub-activity for education really the result of application of the Indian Priority System or are the decreases in fact due to pay increases that go to agency and area personnel that require reductions in actual program amounts? Since most tribes consider education a number one priority, it is hard to understand how they would prioritize desperately needed scholarship funds so as to cause a budget decrease of over $1 million for this purpose.

Answer: The decreases are the result of the Indian Priority System. Tribes in four of the areas which show decreases under scholarships and adult education have placed funds in the newly-established Consolidated Tribal Government Program which is included in the budget under Tribal Services - Tribe/Agency Operations. A total of $1.4 million for adult education and scholarships was placed in this program by the tribes, therefore, the overall amount available for education programs in FY 1991 is an increase of over $300 thousand.

Tribally Controlled Community Colleges

Question: The Committee notes that for the first time in years, the BIA proposes level funding for Tribally Controlled Community Colleges. However, true level funding would require some increase for projected enrollment increases and for inflation. What additional funding would be needed to maintain 1990 spending levels for the colleges?

Answer: The colleges estimate that their Indian Student Count in FY 1990 will be 353 greater than the actual figure for FY 1989. If the count increases at the same estimated number from FY 1990 to FY 1991, it would cost approximately $800,000 to maintain the estimated FY 1990 ISC rate of $2,230 for Title I colleges.

White House Conference

Question: What plans does the BIA have for moving forward with a White House Conference on Indian Education?

Answer: In FY 1990, appropriations for the White House Conference were made to the Intergovernmental Affairs Office at the White House. In the near future, the Assistant Secretary-Indian Affairs will be meeting with representatives from the White House and the Department of Education to establish timeframes for holding a White House Conference.

TRIBAL GOVERNMENT SERVICES

New Tribes Funding

Question: Under the new tribes item, the Administration has requested $825,000 for two new tribes: Lac Vieux Desert and Coquille. However, no start up funds are requested for the San Juan Southern Paiute Tribe, even though the final determination of recognition was published on December 15, 1989. Assuming that the pending request for reconsideration by another

tribe does not succeed, then if no 1991 funds are made available for the San Juan Southern Paiute Tribe, the tribe will have to wait until the fall of 1991, nearly two years, to begin to provide governmental services to its members. Will the Administration support fiscal year 1991 funding for this tribe?

Answer: The Bureau would support additional funding for the San Juan Tribe if it can be provided within the Budget Resolution allowance for domestic discretionary programs.

Question: Several tribes that have been federally recognized in recent years, including the Confederated Tribes of Coos, Lower Umpqua and Suislaw, have never received adequate base funding to operate tribal programs. Please advise the Committee of the funding status of tribes recognized since 1971 and advise how much would be needed to fund these tribes at levels comparable to existing tribes.

Answer: The following table lists tribes which have been recognized since 1971. Enrollment figures were taken from the 1989 BIA Indian Service Population and Labor Force Estimate, and the funding reflects the amount included in the FY 1991 Tribe/Agency budget for the tribe. An asterisk (*) in the funding column indicates that the tribe or rancheria is part of a multitribal agency and individual funding levels are not displayed in the budget. Since there is not an established correlation between enrollment and funding levels for existing tribes, it is not possible to calculate "comparable" funding for these newly recognized tribes.

Tribe	Enrollment	FY 1991 Tribe/Agency Funding
Lac Vieux Desert Band of Chippewa Indians	225	$412,500
Coquille Tribe	550	$412,500
Alabama-Coushatta of Texas	537	$475,000
Ysleta del Sur Pueblo	801	$475,000
Gayhead Wampanoag	521	$555,200
Klamath Tribe	2,434	$838,000
Nooksack Tribe of Washington	1,015	*
Upper Skagit Indian Tribe	504	*
Sauk-Suiattle Indian Tribe	183	*
Yavapai Tonto Apache Tribe	78	$60,500
Sault Ste Marie Chippewa Indians	16,773	*
Passamaquoddy Tribe	2,336	$1,237,900
Penobscot Tribe	1,852	$1,034,800
Stillaguamish Tribe	155	*
Confederated Tribes of the Siletz Indians of Oregon	1,939	$568,400
Modoc Tribe of Oklahoma	133	*
Pascua Yaqui Tribe	5,332	$895,600
Karuk Tribe of California	1,600	*
Grand Traverse Band of Ottawa & Chippewa	1,893	*
Paiute Tribe of Utah	580	$367,600

Tribe	Enrollment	FY 1991 Tribe/Agency Funding
Houlton Band of Maliseet Indians	485	$213,700
Jamestown Klallam Tribe	222	$311,700
Jamul Indian Village	60	*
Tunica-Biloxi Indian Tribe	205	$169,100
Cow Creek Band of Empqua Indians	760	$280,900
Death Valley Timbi-Sha Shoshone	217	*
Narragansett Indian Tribe	1,170	$685,700
Confederated Tribe of the Grand Ronde Reservation	2,321	$619,000
Poarch Band of Creek Indians	1,828	$873,400
Confederated Tribes of Coos, Lower Umpqua and Suislaw Indians	351	$230,000
Menominee Tribe of Wisconsin	6,314	$2,335,800
Ottawa Tribe of Oklahoma	1,500	*
Peoria Tribe of Oklahoma	2,084	*
Wyandotte Tribe of Oklahoma	2,714	*
Texas Kickapoo	696	$203,000
Mashantucket Pequot Tribe	175	$275,400
Robinson Rancheria	210	*
Big Lagoon Rancheria	23	*
Table Bluff Rancheria	226	*
Hopland Rancheria	238	*
Upper Lake Rancheria	153	*
Big Sandy Rancheria	179	*
Table Mountain Rancheria	95	*
Big Valley Rancheria	206	*
Blue Lake Rancheria	66	*
Buena Vista Rancheria	1	*
Chicken Ranch Rancheria	6	*
Cloverdale Rancheria	7	*
Elk Valley Rancheria	92	*
Greenville Rancheria	317	*
Mooretown Rancheria	134	*
North Fork Rancheria	262	*
Picayune Rancheria	30	*
Pinoleville Rancheria	158	*
Potter Valley Rancheria	1	*
Quartz Valley Rancheria	104	*
Redding Rancheria	1,657	*
Redwood Valley Rancheria	124	*
Rohnerville Rancheria	129	*
Smith River Rancheria	35	*

Question: Does the Bureau expect to recognize any other new tribes before September 30, 1990, and, if so, how does it propose to fund them in fiscal year 1991?

Answer: The Bureau does not expect any final determinations on acknowledgement petitions to be made prior to September 30, 1991.

Question: Will the newly formed Yurok Tribal Council be considered a new tribe?

Answer: Currently, there is no "Yurok Tribal Council," there is a Yurok Transition Team. When the Yurok Tribal Council is elected they will be considered a new tribe.

Social Services

Question: Under the "all other social services" program item, the request shows a decrease in funding for area offices, but an increase of three full time employees. How will this happen with the projected decrease?

Answer: This is an error. The increase of 3 FTE in other areas should have been offset by a decrease of 5 FTE to accompany the Navajo Area's transfer of $222,000 to Tribe/Agency Operations. The change from FY 1991 base should show "-2 FTE."

Question: In the general assistance account, a $1.2 million increase is requested. Is there enough money in the 1990 appropriation to fund the program needs through September?

Answer: The bureau anticipates a shortfall in Welfare Assistance Grants in FY 1990.

Question: Will there be a 1990 supplemental request if there is a shortfall in General Assistance?

Answer: We do not plan to propose a supplemental, however, we may propose a reprogramming.

Question: How would this then affect the 1991 request?

Answer: It will not affect the FY 1991 request. It is likely, however, that in FY 1991, it would be neccesary to reprogram funds for General Assistance.

Contract Support

Question: Under contract support, self-determination services, what is the basis for the conclusion that a $1 million addition to the base will be sufficient to insure that indirect costs are fully reimbursed?

Answer: It is our best estimate of the requirements. In FY 1989, we spent $54.7 million for contract support which included about $13 million for indirect costs for schools. Therefore, approximately $42 million was other contract support. The FY 1991 request would provide an increase of about $2 million for contract support over the costs incurred in FY 1989.

Tribe/Agency Operations

Question: In the Tribe/Agency Operations item of the tribal services budget activity, both adult vocational training and other employment assistance show proposed decreases. Given the incredible unemployment in Indian country, how is this justified?

Answer: The funding priorities are established at the local level. For example, in the Minneapolis Area, the reduction of $347,000 in Other Employment Assistance is offset by an increase of $362,000 in Adult Vocational Training. Further, tribes in four of the areas which show reductions in Adult Vocational Training have placed $568,400 into the newly-established Consolidated Tribal Government line of the budget.

Question: With respect to Congressional add-ons that are now included in the Tribe/Agency accounts, such as law enforcement and tribal courts, does this mean that in future years, the actual amounts available to the tribes will decline along with all other Tribe/Agency IPS programs as they have in past years?

Answer: Tribe/Agency requests have not declined in recent years. The FY 1990 budget request was $1.4 million above the amount actually appropriated in FY 1989, and the FY 1991 budget request for Tribe/Agency programs is $12.8 million higher than the FY 1990 appropriations.

Economic Development

Question: Why was the 1990 add-on for the Blackfeet Tribe to contract for the Museum of the Plains Indian deleted?

Answer: The FY 1990 add-on of $20,000 was to pay indirect costs for the Blackfeet Tribe. Since the FY 1990 contract has not yet been negotiated, the add-on was not continued in FY 1991. Any indirect costs required by the tribe in FY 1991 will be absorbed within the funds available to the Arts and Crafts Board.

Natural Resources Development

Question: Why is the $500,000 add-on in 1990 for Menominee Forestry moved from Tribe/Agency to Forestry when other add-ons are put into the Tribe/Agency accounts?

Answer: The Bureau's responsibility for the Menominee Forestry Program is part of the Menominee Restoration Agreement and is similar to the fishing settlement programs which are included in the non-banded portion of the budget rather than in Tribe/Agency. The transfer was made at the request of the Menominee Tribe.

Question: Does the Bureau view water as a trust resource requiring the same attention as land, timber, and minerals and, if so, why is a $1.5 million cut proposed for water development, management, and planning? The budget justification states that "other tribal operation costs will be met from direct funding from other funding agencies." What does this mean -- to what agencies and what funding does this statement refer?

Answer: Yes, the Bureau does consider water a trust resource. Within the proposed budget for FY 1991, the Bureau will be able to fund the highest priority water management, planning and pre-development projects. Other Federal agencies which support water management and planning activities for Indians include the Environmental Protection Agency and the Bureau of Reclamation.

Question: What is the rationale for the decrease in Rights Protection Implementation programs, such as the Northwest and Michigan fishing programs?

Answer: Decreases in Rights Protection Implementation Programs result when (1) a project has been funded as a one-time project; (2) a project is completed; (3) the project is of lower priority than other programs; or (4) a project is not aligned toward the goal of tribal self-determination.

Question: What exactly is the Fish Hatchery Maintenance program and why is it proposed for elimination?

Answer: The Fish Hatchery Maintenance program provides for cyclical maintenance of tribal fish hatcheries and related facilities. Maintenance funds have been provided since FY 1988 and have been distributed on an application basis to the highest priority projects proposed by tribes. The remaining projects are of lower priority.

Question: Why does the Bureau propose to eliminate its funding for CERT? Does this organization fulfill certain functions that would otherwise be required of the BIA? In other words, does the Bureau, directly or indirectly, benefit from the contract with CERT?

Answer: The Bureau provided direct funding during the formative years of CERT, but the organization was projected to be self-sufficient by FY 1987. The Bureau does not directly or indirectly benefit from the contract with CERT. CERT's primary function has been to assist member tribes in the commercial development of their resources. If tribes choose to use BIA provided funds subcontract with CERT, they may continue to receive indirect Federal assistance.

Question: Why was the 1990 add-on for Woodland Management program not extended in fiscal year 1991?

Answer: The Federal government cannot afford to fund every program need, no matter how worthy. In light of current budget constraints, other programs were considered a higher priority.

Question: On waste cleanup, how much is actually needed nationwide and why hasn't there been a separate request and justification to deal with cleanup problems, especially in light of the recent decision in Blue Legs?

Answer: With regard to landfills and open dumps similar to those on the Pine Ridge Indian Reservation, the subject of the Blue Legs court order, the Indian Health Service (IHS) has estimated that $167 million would be needed nationwide, including Alaska, to cleanup solid waste dumps and to provide long term alternatives for disposal through construction and equipment.

BIA has not requested funding because we consider sanitation programs to be an IHS responsibility.

Trust Responsibilities

Question: Given the tremendous activity in Indian water rights negotiations and litigation throughout the West, do you believe the request of $6.85 million for this purpose is sufficient?

Answer: Yes, we believe the $6.853 million is sufficient to meet known priority data collection and analysis costs which are anticipated in FY 1991. It should be noted that this is the same level of funding which the Congress appropriated for the program in FY 1989 and FY 1990.

Question: For general litigation support, the BIA has requested $1.18 million for fiscal year 1990. You mention that more will not be needed because of "continued critical review and screening of requests for attorney fees". Do you believe that such review and screening can have a chilling effect on those tribes who wish to pursue, through legal mean, a redress of wrongs done to them, whether by governments or by private individuals?

Answer: For clarification, the reference regarding "review and screening" applies to the Attorney Fees Program. The Bureau is taking a closer look at tribal applications for attorney fees to determine their priority and justification for advocacy attorney fees. We do not believe these actions have a chilling effect on tribes.

Question: The Bureau is proposing a $530,000 increase for the Trust Fund Contract, for a total of $4.2 million. What has been the cost of the contract to date?

Answer: The proposed increase is not for the cost of the contract with the Bank but rather for the cost to the Bureau of having trust funds audited prior to transfer of the funds to the contractor.

To date, the contractor has received $300,000 for systems development, $30,000 for tribal management meetings, and a monthly $50,000 management fee.

Question: What does the Bureau propose to do about missing funds?

Answer: With respect to the differences shown between the finance system and the investments system, the Bureau must first determine what portion of that amount reflects errors in posting rather than actual losses. We will be contracting with a private sector auditor to do these reviews. In the seven known instances where losses have occurred due to financial institutions failing, the Bureau, at the advice of the Solicitor's office, will be putting together a finding and determination on each of these to ascertain the appropriate action in each individual case.

Question: When does the Bureau expect to turn over the accounts to Security Pacific National Bank and when will the Bureau actually receive some deliverable from the money it has already spent under the contract?

Answer: The remaining deliverable from the contractor is the accounting and reporting system. As the Bureau has not yet provided the contractor with the final requirements, the contractor is not at fault. It is anticipated that these deliverables will be provided in the summer of 1990. Accounts will be transferred as audits are completed and the required tribal notification is provided.

Question: In light of identified deficiencies in the BIA's system of trust fund management and the obligation as trustee to exercise due care, what efforts has the BIA put forth to consult the appropriate accounting, investment or cash management expertise necessary to enter into or modify a contract for these services?

Answer: The Bureau contracted with Price-Waterhouse in the early 1980's. It was they who recommended seeking assistqnce from the private sector for the management and investment of trust funds. We have also had extensive discussions and correspondence with Treasury on this matter.

Question: As a trustee charged with managing $1.7 billion of trust money, has BIA consulted with the Departments of Education, Labor or Treasury in their capacity as trustee for trust funds on the structure and operation of their management systems?

Answer: We have worked with Treasury on the accounting and reporting requirements for the different fund groups.

Question: In justifying private sector involvement in managing trust funds, the BIA cites the need to safeguard investments, maximize earnings through cash concentration, and improve reporting to all account holders. The IIM accounts are being removed from the management contract. As trustee for the funds, how does BIA rationalize this action in light of the admitted lack of ability to effectively manage the funds without outside expertise?

Answer: The IIM accounts are not being removed from the contract. We are proposing, however, that the portion of the accounting system for IIM accounts not be brought up this year because we will not have conducted the required audits. Reporting and accounting for IIM funds remains one of the contract terms, but it is a requirement we are not exercising during FY 1990.

Liability Insurance

Question: What work has been done with the $250,000 appropriation for a study on the cost of providing general liability insurance coverage to tribal contractors?

Answer: The Bureau will be issuing a Request for Proposal to contract for the study on the various options to provide liability insurance or equivalent coverage to tribal contractors. It is not anticipated that the study will be completed during the current fiscal year.

New School Construction

Question: What is the need for new school construction -- how many schools, where are they located, and how much will they cost?

Answer: Thirty-four tribal applications were received for consideration in the FY 1991 new school construction evaluation process. These applications were reviewed by an evaluation panel consisting of senior representatives from the Bureau's Office of Indian Education Programs and the Facilities Management Construction Center, as well as the Office of Construction Management. This group recommended site validations on six of the highest initially ranked applications. Site validations were already underway for the Couer d'Alene and Dunseith projects.

The FY 1991 budget reflects decisions made based on the site validations of the highest priority ranked projects and resources available. As a result, Dunseith Elementary School in North Dakota will be constructed at an estimated cost of $4.8 million, and the second phase of Pine Ridge School in South Dakota will be completed at an estimated cost of $3.3 million. The new school construction application process is an annual process, and those applications not funded in FY 1991 may be re-submitted for consideration in subsequent years.

Question: What is the current priority list and was the Zia Pueblo day school moved from number 2 on the list to number 5?

Answer: The FY 1991 priority list was published in the Federal Register on September 18, 1989 (Volume 54, number 179), after completion of site validations. The priority list was as follows:

Dunseith Day School
Couer d'Alene Tribal School
Pine Ridge High School (Phase II)
Santa Clara Day School
Zia Day School
Tiospa Zina Tribal School

Irrigation Construction

Question: Leaving aside the proposed transfer of safety of dams money to the Bureau of Reclamation, how does the BIA propose to maintain or complete construction of existing irrigation systems on Indian lands when there is no funding for this purpose?

Answer: The Bureau's budget request includes about $7.7 million under the Irrigation Operation and Maintenance Program to fund maintenance for existing irrigation systems. Funding for rehabilitation and betterment of existing irrigation systems can be made available from the bureauwide unobligated balance of approximately $26 million in project construction.

Question: What is the funding status of the diversion dam at Zia Pueblo?

Answer: Within the Albuquerque Area, $189,000 is currently available for the Zia project. The Bureau is in the process of identifying other sources of irrigation funding for the project.

Question: Regarding the Navajo Indian Irrigation Project (NIIP), how do you explain that, despite the acknowledgement by previous Interior Department officials that there is a legal right entitling the Navajo Nation to a completed NIIP, you have not requested that funds be included in the President's fiscal year 1991 budget?

Answer: The Inspector General conducted an audit of NIIP and recommended that the BIA perform an economic analysis, including compensation for incomplete Blocks, to justify continued construction. The Bureau has issued a contract for this study.

Question: The BIA has had two years to respond to the February 1988 Report of the Inspector General regarding NIIP. Given the time that has passed, and knowing that construction costs have risen each year, why hasn't the Administration requested funding?

Answer: The BIA has responded to the Inspector General's audit and disagreed with its findings and recommendations. In the resolution of the disagreement, the Bureau agreed to perform an economic analysis of continued construction before requesting any further funding.

Question: Despite the fact that two years have passed since issuance of the report, the Navajo Tribe is being told that funding will not be available for NIIP until an "outside cost-benefit analysis" is completed. What is the nature of this analysis, why has it taken so long to begin and why is such an analysis necessary?

Answer: A conventional cost/benefit analysis of a completed project will be accomplished. After the contractor was selected, the BIA discovered information which might have been prejudicial to the contractor. The contract was re-advertised and has been awarded to a contractor considered to be unbiased. The decision to perform an analysis came out of the resolution of the disagreement over the Inspector General's findings and recommendations.

Question: Does the Bureau plan to include a request for funding NIIP in fiscal year 1992?

Answer: The decision to request funding in 1992 will depend on the results of the economic analysis being conducted under contract.

Housing

Question: What is the objection in the BIA to use of HIP money for new housing in certain circumstances, such as emergencies?

Answer: There is no objection to the use of BIA funds for new housing, particularly in the case of emergencies. With limited resources, however, rehabilitation of existing units is a higher priority.

Question: Given the stated need for Indian housing -- both new homes and renovations for existing homes -- how does the Bureau justify the proposed 25 percent decrease in the HIP program?

Answer: Housing is one of a large number of programs which could use additional resources. It is a lower priority, however, than those programs for which the bureau has proposed increased funding.

Question: The budget does state that the primary responsibility for Indian housing lies with the Department of Housing and Urban Development but the BIA is also aware that HUD has asked for no money for Indian housing. Given this lack of responsibility, do you have any suggestions to Congress on this issue?

Answer: In the case of housing, it is probably appropriate that both HUD and the Bureau be involved as HUD is in a better position to deal with Indian housing authorities and provide housing where there is some ability on the part of the recipients to repay at least a portion of the cost of the housing. The BIA program is a grant program where the family has no requirement to repay the government and the government has no responsibility for the on-going utility or maintenance costs. Both types of programs are needed in Indian country.

Construction Contract Support

Question: Please explain the rationale for the $2.8 million reduction for construction contract support.

Answer: At the reduced level of $7 million, the bureau feels that there will be sufficient funds available in FY 1991 to fully fund contract support needs for construction contracts. The absence of a budget request for Safety of Dams in FY 1991 will reduce the need for construction contract support funding.

Self-Governance Demonstration Program

Question: At the February 28 hearing, letters were submitted to Dr. Brown from Senators Durenberger and Boschwitz concerning funding for the Self-Governance program. Please provide to the Committee a copy of your replies to the Senators.

Answer: Copies of the letters are attached.

STATEMENT OF SENATOR FRANK H. MURKOWSKI

INDIAN PROGRAM BUDGET OVERSIGHT HEARING

FEBRUARY 28, 1990

Mr. Chairman, I would like to commend you for having the excellent graphs and charts prepared for today's hearing and for the direct and forceful statement you have made in support of equitable funding for American Indian programs.

All of us are concerned about the growth of the Federal budget and the deficit, but none of us wants Indian programs to carry the burden of reductions as programs for other Americans rise.

With you, I think it is clear that the Select Committee is going to be required to urge increased appropriations for Indian programs in the FY 1991 budget if we are to begin to achieve some measure of equity for American Indians and Alaska Natives.

I agree, too, with your criticism of the Department of Housing and Urban Development for its elimination of new funding for the Indian housing program. In Alaska alone, there is a need for at least 6,500 units. In recent years, about 150 families have been assisted annually. But the Department has not even proposed a continuation of that modest program.

Clean water and waste disposal systems for all Americans are a major concern for me, but 165 of Alaska's villages have

substandard systems. In southwest Alaska recently, there was another outbreak of Hepatitis A, and there is no question that the unsanitary conditions in those villages was the major cause. Even though the State has experienced a downturn in its economy, it is spending almost $8 million this year in its Village Safe Water program.

But the State estimates that bringing sanitation systems in the villages into compliance with State and Federal laws would cost $1.2 billion.

Some EPA funds have been made available to Alaska and, in the past, the Indian Health Service has been funded to plan and install systems in cooperation with the State of Alaska. But for fiscal year 1991, the Indian Health Service proposes no funds for this purpose.

I have other concerns -- the reduction of funding for the important Johnson-O'Malley program which falls heavily on Alaska programs, and the failure of the Department of Education to propose funding for an Alaska regional resource center (even though the Department encouraged Alaskans to believe that such technical assistance close at home would soon be provided).

Because I have an Energy Committee meeting, Mr. Chairman, I cannot stay for the entire meeting. My respect for you, however, gives me confidence that you will obtain the kind of information in this hearing that will allow the Select Committee to develop a sound and well-reasoned case for budget changes that appear to be required.

TESTIMONY OF THE DIRECTOR

of the

INDIAN HEALTH SERVICE

Mr. Chairman and Members of the Committee:

I am Dr. Everett Rhoades, Director of the Indian Health Service. I am accompanied by Mr. Robert Singyke, Deputy Director, Mr. Milburn Roach, Executive Assistant, Dr. John Porvaznik, Associate Director for Health Programs, Mr. Bill Pearson, Associate Director for Environmental Health and Engineering. We are pleased to be here today to discuss with you the Fiscal Year 1991 budget request for Indian Health programs.

The Indian Health Service (IHS) is the Federal agency charged with administering the principal health program for American Indians and Alaska Natives. The goal of the IHS is to raise the health status of American Indian and Alaska Native people to the highest possible level. Its mission is threefold: 1) to provide or assure the availability of high quality, comprehensive, and accessible health services; 2) to provide increasing opportunities for Indians to manage and operate their own health programs; and 3) to serve as a health advocate for Indian people. In FY 1991, the IHS will continue its mission by providing comprehensive health services to over one million Indian and Alaska Native people.

The IHS comprehensive delivery system is composed of two major systems: 1) a Federal health care delivery system, administered by Federal personnel, and 2) a tribal health care delivery system, administered by tribes and tribal organizations. Both systems include health care services provided directly and health services purchased from over 2,000 private providers. Both of these systems are reflected in the budget request under the respective headings of Federal Indian Health Administration and Tribal Health Administration. In addition, there are 34 urban Indian health projects providing a wide variety of health and referral services.

The program reflected under the budget heading of Federal Indian Health Administration is made up of 78 service units, 43 hospitals, 67 health centers, five school health centers and 55 health stations as of October 1989. The range of services provided include emergency medical, curative, rehabilitative, and preventive. In FY 1988, there were 3,878,331 outpatient visits and 92,393 hospital admissions. A priority of the federally administered program is preventing disease through promoting healthy behavior.

The program reflected under the budget heading of Tribal Administration is made up of 56 service units, 7 hospitals, 86 health centers, 3 school health centers, 63 health stations 173 Alaska Village clinics as of October 1989. Through self-determination contracts, the tribal health programs continue the comprehensive preventive and curative service delivery systems initiated by the IHS. In FY 1988,

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there were 1,111,349 outpatient visits and 12,475 hospital admissions. Included in this activity are special programs in dental health, mental health, alcoholism and substance abuse, and contract health care.

Since the transfer of Indian Health programs from the Department of the Interior to the Public Health Service in 1955, the health status of American Indians and Alaska Natives has improved dramatically. For example, the maternal death rate for American Indians and Alaska Natives dropped from 82.6 maternal deaths per 100,000 live births in 1957-1959 to 8.8 in 1985-1987, a decrease of 89 percent. In 1987, there were 2 Indian maternal deaths. Many other examples of gains in health status exist and are reported annually in the IHS "Trends in Indian Health."

Access to IHS services continues to improve. Outpatient visits, including both contracted services and those provided in tribal clinics, have increased from 0.5 million in FY 1955 to 5.0 million in FY 1988, an increase of 1,000 percent. In the past 8 years, a total of one million visits have been added. The IHS and tribal direct and contract hospital admissions have increased from 50,000 in FY 1955 to 105,000 in FY 1988, an increase of 110 percent.

For FY 1991, the budget request for the IHS includes $874,637,000 for the programs under the budget heading Federal Indian Health Administration, an increase of 7.8 percent over the FY 1990 level, and includes $404,287,000 for programs under Tribal Health Administration, an increase of approximately 10 percent from the FY

1990 enacted level. The request for budget authority for the IHS account is $1,278,924,000, an increase of $100,587,000 over the FY 1990 revised appropriation of $1,178,337,000.

Additionally, $134,100,000 will be available to the IHS through reimbursements for a total program level of $1,413,024,000. An estimated $84,000,000 collected from Medicare and Medicaid will be used for correcting Joint Commission on Accreditation of Health Care Organizations and Health Care Financing Administration survey deficiencies and for maintaining accreditation. The IHS proposes to use the estimated $40,000,000 collected from private insurers to augment those services that provide health care to Indians as required by Section 207 of the Indian Health Care Amendments of 1988.

During FY 1991, the IHS will continue the services funded in FY 1990, emphasizing a commitment to management excellence and quality of care, with primary attention to the immediate health care needs of the Indian people. Central to the commitment to management excellence is the quality management program begun in FY 1989. The program will strengthen the overall IHS organization and provide the best and most complete health care delivery services within available resources. Included in this commitment is the continuing emphasis on tribal management of programs and Indian self-determination.

The IHS is committed to supporting and promoting activities to maintain a sound, comprehensive care program while at the same time strengthening efforts to promote wellness through healthy behavior and by reduction of risk factors. Throughout all programs, the IHS continues to focus on quality assurance of health care delivery.

The IHS health services program has grown by approximately 30 percent since 1983, while the administrative budget has grown by 2.6 percent. In addition, the beneficiary population has grown at a rate of approximately 3 percent a year with an associated increase in demand for services. This growth in program size and complexity and the ever increasing need for accountability of all aspects of the program have placed a sharply increased burden on the IHS administrative infrastructure. This is particularly true in the administration and implementation of internal control measures and in insuring adequate control of resources necessary to diminish the risk and vulnerability of fraud and abuse.

The FY 1991 budget request includes $2 million for necessary staff to correct critical deficiencies in administrative functions and responsibilities. These deficiencies have been identified as a part of our quality management program. This strategy focuses on strengthening IHS administration and management by making immediate corrections where necessary, encouraging innovation in management systems and instilling in all IHS employees a commitment to

professionalism, integrity, and accountability. This strategy has the highest priority among our current objectives.

An important emphasis of the IHS management improvement program is to continue the implementation of automated data systems. Automation will improve both the quality and timeliness of information necessary to more effectively manage the program and control resources. The requested increase of $5.8 million in FY 1991 will enable the IHS to initiate improvements and expansion of the information resources management program.

The priority for management improvement does not lessen other IHS priorities. The IHS will continue to emphasize innovative efforts in the prevention of illness, especially involving alcohol and substance abuse, injuries and mental health. Reduction of modern causes of disease and disability require a different set of precepts and disciplines than in the past when provision of sanitation and immunizations proved so successful. Techniques now required to prevent life-style associated pathology require educating health care providers to the new discipline of health promotion and disease prevention; changing the life-styles of the health care providers themselves to be leaders in health promotion; and efforts to secure the involvement of the respective communities in the development and "ownership" of their own health promotion activities.

The continued emphasis upon health promotion as here described has produced gratifying results, none more than in the field of alcohol abuse. For example, the age-adjusted death rate from alcoholism for American Indians and Alaska Natives residing in the Reservation States has decreased 61 percent since its peak in 1973. In 1989, more than 250 individual Tribal Action Plans addressing alcoholism and substance abuse have been implemented and 88 percent of Federally-recognized tribes passed resolutions authorizing formation of Tribal Coordinating Committees to address alcoholism and drug abuse problems in their communities. As a result of the efforts by the IHS, there is a growing momentum of alcoholism prevention in various Indian communities. For example, at least two tribes, the Akhioka Village in Alaska and the Cheyenne River Sioux tribe in South Dakota, have enacted resolutions declaring that they intend to be free of the adverse consequences of alcoholism by the year 2000.

In FY 1990 the IHS mental health program received a funding increase of $8,422,000 to address mental health problems in American Indians and Alaska Natives. Problems of alcohol misuse, depression and anxiety frequently underlie and complicate physical disorders, including traumatic incidents, and require considerable attention from all care-givers. The funding increase will provide for about 130 additional positions or equivalent services to be purchased. In either case, the funds will be directed at unmet needs in child and family mental health services.

Recruitment and retention of health care workers continues to be a high priority, occupying a substantial portion of effort by many. The nurse shortage throughout the United States has affected the IHS in many of the same ways that it has affected the private sector. The current IHS vacancy rate for nurses is approximately 15 percent. Regarding physician vacancies, 155 are projected for the summer of 1990. The loan repayment program has become an essential part of the IHS recruitment and retention program and will continue in FY 1991 along with other strategies including intern programs, continuing education, and career ladder and development programs. The IHS request addresses the lack of sufficient numbers of Native American health professionals.

The IHS continues to emphasize Indian self-determination. A major activity in FY 1989 was the development of regulations for the implementation of Public Law 100-472, the Indian Self-Determination Act Amendments of 1988. This highly intense activity continues to consume much of IHS' staff and attention. The IHS collaborated closely with the Bureau of Indian Affairs and about 500 Federally recognized tribes. A joint IHS/BIA staff draft of the notice of proposed rulemaking is being reviewed by the tribes for further comment. Subject to comments received and resolution of any outstanding issues, we plan to issue the notice for proposed rule making later this fiscal year.

Again, separate requests for Tribal and Federal Indian Health Administration are proposed in the FY 1991 President's Budget to promote self-determination and

reflect continued support for the locating program administration at the local level. The budget includes $101 million, or full funding of estimated current contract support costs; expansion of the Indian Health Manpower scholarship program to its full statutory authorization of $12.6 million; and $4.1 million for management training for existing and potential self-determination contractors. As a result, we believe the FY 1991 President's Budget provides a greater choice to tribes and tribal organizations in determining whether to assume responsibility for health services themselves, or to continue receiving direct Federal health care services, more fully meeting the intent of P.L. 93.638.

In FY 1991, the IHS will continue to allocate program increases among Areas based on user population, actual workload, health status indicators, and standardized cost factors while providing for participation of tribes in planning, managing, staffing and evaluating IHS programs. The resource allocation models will continue to be reviewed and further refined. Particular emphasis will be given to the areas of greatest health concern, such as the three leading killers of Indians: heart disease, injuries, and cancer; the causes of increased years of premature life lost; mortality of infants and children; and certain important conditions such as diabetes, mental health, and alcohol and substance abuse.

Mr. Chairman and members of the Committee, I will be pleased to answer any questions you may have on the specifics of the FY 1991 budget request.

DEPARTMENT OF EDUCATION

Statement by

Daniel F. Bonner

Acting Assistant Secretary for Elementary and Secondary Education

on

Department of Education Programs That Serve Indians

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to appear before you to discuss the fiscal year 1991 budget request for major Department of Education programs that serve Indians.

Indian Education

For the Indian Education Act--the only Department of Education statute devoted solely to programs for Indians--we are requesting $75.8 million, an increase of $2.1 million above the fiscal year 1990 appropriation. These increased funds will be applied to several of the programs authorized by the Act.

Subpart 1: Grants to Local Educational Agencies and Indian-Controlled Schools

For Subpart 1, the largest of the Indian Education programs, we are requesting $56.6 million, an increase of $2.3 million over the 1990 level.

Subpart 1 supports two programs for Indian students. Under one, grants are awarded on a formula basis to local educational agencies. The other is a discretionary program under which grants are awarded on a competitive basis to Indian-controlled schools. All Bureau of Indian Affairs schools are now treated as LEAs under the formula program. Those that are contract schools are also eligible for the discretionary program, and a number of these schools receive funds under both programs.

Subpart 1 formula grants must be used to supplement the regular school program. Projects provide tutoring, remedial reading and mathematics, counseling and guidance, and Indian cultural and heritage activities. The amount of an LEA's grant is based on a formula that multiplies its Indian student enrollment by the average per-pupil expenditure in the State.

The discretionary funds are also used for special enrichment activities that supplement a regular school program. The amount of each grant is determined based on competitive applications submitted by tribes and Indian organizations that operate schools on or near reservations.

In fiscal year 1989, the program awarded formula grants to 1,162 public, BIA-operated, and BIA contract schools enrolling a total of 347,200 Indian children. Grants ranged from $913 to more than $1 million.

Discretionary funds went to 18 Indian-controlled schools serving almost 6,000 children, in amounts ranging from $82,000 to $366,000. Eleven of these schools also received formula grants.

Fiscal year 1989 formula payments to LEAs provided an average of approximately $143 for each Indian child counted in public and BIA contract schools and $123 per child in BIA-operated schools. Payments under the discretionary program averaged about $588 per child.

For 1991, we are proposing that the formula program be increased by $2.7 million, in order to provide an increase in the per-student payment. These funds come from two sources: $2.3 million from a net increase in funding for this program and $451,000 to be reallocated from the discretionary grant program. We are proposing to decrease the funds available for the discretionary program because the number and quality of applications have declined in recent years.

Subpart 2: Special Programs for Indian Students

The budget request for Subpart 2 of the Indian Education Act is $12.1 million, the same as the 1990 appropriation, not including the reappropriation for the Gifted and Talented and Fellowship programs. Of the seven programs that constitute Subpart 2, two are designed to improve educational quality for Indian children; three help Indians train for professional careers (in education as well as other fields); one supports resource centers that provide technical assistance services to projects funded under the Indian Education Act; and one supports activities for gifted and talented Indian students.

Under the 1991 request, except for the gifted and talented program for which no funds are requested, these programs would be continued at current levels.

Subpart 3: Special Programs for Indian Adults

Under Subpart 3 of the Act, we are requesting $4.2 million, an increase of $171,000, to support education programs for Indian adults. Subpart 3, which is a competitive grant program for Indian tribes and organizations, emphasizes adult basic education, especially literacy, and preparation for the high school equivalency exam. With the requested increase, this program will be able to maintain the current level of services.

Salaries and Expenses

For program administration--which includes the Office of Indian Education as well as the National Advisory Council on Indian Education--the 1991 request is $2.9 million, an increase of $193,000. The increase is needed primarily to cover higher personnel costs. Increases are also requested for other activities such as travel.

Impact Aid

Maintenance and Operations

A significant portion of the funds appropriated for Section 3 of the Impact Aid program each year is distributed to school districts that serve Indian children. Under the 1991 budget request for Section 3, approximately 600 districts are expected to receive funds for the education of nearly 104,000 children residing on Indian lands. We estimate that these payments will exceed $240 million.

For purposes of Impact Aid payments, all children residing on Indian lands are regarded as "a" children. The Department has proposed $578.5 million for payments for "a" children--the same as the 1990 appropriation. The budget request would be distributed according to the formula in the statute, with districts with higher proportions of federally connected children receiving higher percentages of entitlement. Payments for "a" children are expected to range from 100 percent to approximately 40 percent of entitlement. This is similar to payment levels in recent years.

The 1991 budget request includes funds for "b" payments only for children residing in certain federally subsidized, low-income housing. School districts that include Indian lands would generally be unaffected by this change, since children who reside on Indian lands are counted as "a" children.

Construction

For Impact Aid construction activities, $27 million is requested for 1991, $10 million of which would be used for grants to districts that serve substantial numbers of Indian children and contain substantial areas of Indian lands. This sum should fund about four school construction projects. For 1990, the appropriation for this activity is $7.5 million.

Vocational Education

Grants under the Indian vocational education program are awarded on a competitive basis to federally recognized Indian tribes and tribal organizations for services that are in addition to the services Indians are eligible to receive under other provision of the Perkins Act. During the current year, fiscal year 1989 funds totalling $10.8 million are supporting 38 tribal projects training approximately 2,300 participants.

Because of the proposed reauthorization of the Carl D. Perkins Vocational Education Act, a specific request for Indian programs for 1991 is not identified. Amounts for individual activities will be requested after new legislation is enacted.

Compensatory Education for the Disadvantaged

One percent of the funds appropriated for the Compensatory Education for the Disadvantaged Grants to LEAs program (Chapter 1) must be allocated to the Outlying Areas and the Bureau of Indian Affairs (BIA) of the Department of the Interior. In 1989, the BIA received $25.2 million from this set-aside to meet the special educational needs of educationally deprived Indian children in schools operated directly by the BIA or by Indian tribes under BIA contracts. An estimated $30.6 million will flow to BIA schools from the 1990 appropriation and $32.5 million from the 1991 request.

During the 1987-88 school year (the last year for which actual data are available), 16,800 Indian students in BIA schools participated in Chapter 1 programs. An additional 81,460 Indian students in local school districts across the country also participated in such programs. Because of enacted and proposed funding increases, somewhat higher numbers of Indian children are expected to receive Chapter 1 services through 1991.

Bilingual Education

The Bilingual Education Act authorizes discretionary grants, primarily to local educational agencies, for programs for limited English proficient students. For purposes of the Act, an Indian tribe or tribally sanctioned educational authority is considered to be an LEA. Since its inception, this program has funded a significant number of projects designed wholly or in part to benefit Indian students. These projects primarily assist students in learning English and in meeting grade promotion and graduation requirements.

In 1989, an estimated $12.4 million was awarded in grants to LEAs to serve an estimated 16,000 Indian students. The 1991 request for Bilingual Education is $175.4 million, an increase of $16.9 million, or 10.6 percent, over the 1990 level.

Drug-Free Schools

Under the Drug-Free Schools and Communities Act, approximately one percent of the funds is reserved for programs serving Indian children in BIA-operated or supported schools. The Department of Education transfers these funds to the BIA, under a memorandum of agreement, and the BIA allocates the funds to its schools on a formula basis.

The Department's 1991 budget request includes $3.7 million for Indian drug education programs, the same as the 1990 appropriation.

Vocational Rehabilitation

Under the Vocational Rehabilitation program, at least one-quarter of 1 percent of the State program funds must be set aside for grants to Indian tribes. Grants are awarded on a competitive basis to help tribes develop the capacity to provide vocational rehabilitation services to disabled Indians living on reservations.

The 1991 request for this program includes $4 million for the Indian set-aside, an increase of $172,000 over the 1990 level. We estimate that these funds will support 15 projects serving more than 3,000 people.

Libraries

The Library Services and Construction Act authorizes a set-aside of 1.5 percent for Indian tribes from the appropriations for Title I (Public Library Services), Title II (Public Library Construction), and Title III (Interlibrary Cooperation).

Grants are awarded to federally recognized tribes and Alaska Native villages for developing or improving public library services for Indian people. The law authorizes funds for a variety of purposes, including purchases of books and materials, library construction, personnel costs, and training. Two types of grants are made. Basic grants are distributed in equal amounts to eligible tribes that have submitted approved applications. The amount of the basic grants is determined by dividing the available funds by the number of eligible tribes and Alaska Native villages. Any remaining funds (that is, funds for which no qualified application is made) are then used for discretionary grants to support special projects developed in conformance with tribal plans for library services.

In fiscal year 1989, $598,000 was allocated in basic grants to 159 tribes and villages. An additional $1.2 million supported 17 special projects averaging about $73,000. In 1990, the total amount available for Indian programs is $1.8 million. For fiscal year 1991, no funds are requested for Public Library Services or Public Library Construction. The Department believes that Federal funding is no longer necessary for these programs because public access to libraries has reached a very high level and State

programs of aid to public libraries are well established. An increase of 4.2 percent is requested for 1991 for the Interlibrary Cooperation program, with the set-aside for Indian tribes increasing from approximately $293,000 to approximately $306,000.

Education for the Handicapped

Two Department of Education programs for handicapped children--the Grants to States program and the Grants for Infants and Families program--provide set-asides of 1.25 percent for services to Indian children on reservations served by elementary and secondary schools operated by the Bureau of Indian Affairs.

Funds from the Grants to States program are used to assist in the provision of special education and related services to handicapped children, ages 3 through 21. Funds from the Grants for Infants and Families program are used to coordinate the provision of direct early intervention services that are not otherwise provided and to expand and improve available services for handicapped children, aged birth through two years, and their families.

The 1991 budget request includes a total of almost $21 million for these program set-asides, an increase of $934,000, or almost five percent, over the 1990 level. Of this amount, nearly $20 million is for the Grants to States program set-aside, while $1 million is for the set-aside under the Grants for Infants and Families program.

My colleague and I would now be happy to answer your questions.

DEPARTMENT OF EDUCATION

Office of Elementary and Secondary Education

Biographical Sketch

NAME : Daniel F. Bonner

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EXPERIENCE

3/89 - Present	:	Acting Assistant Secretary for Elementary and Secondary Education
9/88 - 3/89	:	Acting Deputy Assistant Secretary for Elementary and Secondary Education
2/88 - 9/88	:	Acting Director, State and Local Educational Programs, Office of Elementary and Secondary Education
1983 - 2/88	:	Associate Director, Domestic Anti-Poverty Operations, ACTION Agency
1983	:	Director, Volunteers in Service to America (VISTA), ACTION Agency
1982	:	Special Assistant, Office of Volunteer Liaison, VISTA, ACTION Agency
1981	:	Associate, Ethics and Public Policy Center, Emory University, Atlanta, GA
1981	:	Associate, Law and Economics Center Emory University, Atlanta, GA
1973 - 1980	:	Philanthropic Activities Associate, Education and Health Programs, Chase Manhattan Bank, New York, NY
1970 - 1973	:	Management Development Program, Chase Manhattan Bank, New York, NY
1960 - 1969	:	Classified Advertising Specialist, New York Times, New York, NY
1959 - 1960	:	Bookkeeper, Loans and Discounts, Irving Trust Co., New York, NY
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1955 - 1957	:	Bookkeeper, Loans and Discounts, Irving Trust Co., New York, NY

DEPARTMENT OF EDUCATION

Office of Planning, Budget, and Evaluation

Biographical Sketch

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EXPERIENCE	:	
1987 - Present:		Director, Division of Elementary, Secondary, and Vocational Analysis, Budget Service, Office of Planning, Budget, and Evaluation, U.S. Department of Education
1986 - 1987	:	Acting Director, Division of Elementary, Secondary, and Vocational Analysis, Budget Service, Office of Planning, Budget, and Evaluation, U.S. Department of Education
1984 - 1986	:	Senior Budget Analyst/Legislative Coordinator, Division of Elementary, Secondary, and Vocational Analysis, Budget Service, Office of Planning, Budget, and Evaluation, U.S. Department of Education
1985	:	Director, Task Force on Education, House Republican Research Committee, U.S. Congress (6-month appointment under the LEGIS Fellows program)
1980 - 1984	:	Program Analyst, Office of Planning, Budget and Evaluation, U.S. Department of Education
1978 - 1980	:	Staff Associate, American Council on Education
1977 - 1978	:	Policy Analyst, American Council on Education
PUBLICATIONS	:	Author or co-author of nine published monographs and articles

STATEMENT BY

S. TIM WAPATO, COMMISSIONER

ADMINISTRATION FOR NATIVE AMERICANS

OFFICE OF HUMAN DEVELOPMENT SERVICES

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Thank you for the opportunity to present an overview of the work of the Administration for Native Americans (ANA). As Commissioner of the Federal Agency which is a major catalyst promoting self-sufficiency for Native Americans, I am particularly pleased to testify before this committee addressing programs of importance to this constituency.

I further appreciate the chance to support the President's budget request for a $31,711,000 appropriation for the Administration for Native Americans for FY 1991.

Our Agency's mandate under the Native American Programs Act to promote self-sufficiency for American Indians, Alaskan Natives, Native Hawaiians and Pacific Islanders is a direct response to the community self-determination objectives which gained recognition during the 1970s.

Our policy is to encourage our constituents to address the social, economic and governance needs of their communities. The social and economic development strategies (SEDS) policy was adopted at the beginning of the last decade. The basic financial assistance grants awarded by ANA are to entities demonstrating prospects for effective implementation of community-based, long-term governance and social and economic development projects.

The SEDS policy also stresses comprehensive planning and integrated projects. It promotes the leveraging of Agency dollars with funds from other Federal, state, foundation and private sources. We, and our Grantees, consistently seek means through which dollars appropriated for us may be stretched through coordination, cooperation, and partnership with other entitles.

Emphasis on community-developed growth is a distinguishing characteristic of the Administration for Native Americans program. Social and economic underdevelopment of Native American communities contribute to the high unemployment, high school drop-out rates, poor health, and social and family dysfunction problems which affect Native Americans more than any other population group. Our funding approach moves the focus from increasing dependency on services to increasing the productivity of both individuals and communities.

Tribes and other Native American organizations frequently testify that the SEDS policy provides a means through which lasting change may take place. Indian tribes, Alaskan villages, Hawaiian communities, and urban organizations have benefited from this policy. Determined and motivated communities have made SEDS work regardless of available local resources, level of political development, or type of social and economic needs of local people.

Today I can give witness to communities transformed: water and land rights secured; court systems established; business codes, environmental ordinances, tax systems, personnel and other management systems implemented. At the same time specific businesses in industries as varied as textiles, tourism, retail and wholesale establishments, arts, publishing, electronics, fisheries, and canning are thriving and providing employment to community residents. Museum building, social services networks, and cultural centers have blossomed. The Administration for Native Americans will continue to stress SEDS implementation into the nineties.

At the same time, new initiatives are undertaken. First, implementation of the Native Hawaiian Revolving Loan Fund follows the mandate in the 1987 amendments to the Native American Programs Act. This fund began lending money this past summer. By the end of December, this four year, $3 million demonstration had received 345 formal loan applications and had approved 22 loans for both working capital and fixed asset acquisitions to both new starts and existing businesses. The loans ranged from $3,200 to $50,000 - testimony to the modest seeding needed to promote business ownership among Native Hawaiians.

The second initiative is just now beginning - extending basic financial assistance grants to Native American Pacific Islanders. Given the increase in Administration for Native Americans' funding for FY 1990, the nearly $500,000 designated for public and nonprofit private agencies serving native peoples from Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands has been appropriated.

To date we have received one application for grants to Native American Pacific Islanders. This application is now being reviewed along with the 113 other applications ANA received through the independent panel rating process used to evaluate applications. This process seeks to identify those proposals most likely to produce permanent, beneficial change for Native American communities. We anticipate receiving additional applications for grants to Native American Pacific Islanders later this year.

The third initiative is one which I believe should be the distinguishing characteristic of the Administration for Native Americans' policy for the nineties: spear-heading implementation of full Federal agency participation in a wholistic and cooperative approach to the Federal government's responsibilities for Native Americans.

This initiative, which must be implemented in tandem with constituent representatives, has two distinct but inter-related parts: the first part is to work with all Federal agencies toward a broader government-wide understanding of Congressional intent and Administration policy on Native American affairs. It is time to erase the presumption that only specified programs naming these constituencies serve these communiies. The second part is to work with categorical programs to integrate specific programs so that cooperative efforts make feasible wholistic and complementary programming for these communities.

We have begun. Some of our efforts to implement this initiative are as follows:.

- The Intra-Departmental Council on Indian Affairs is charged by the Secretary with developing a blueprint for action with which to mobilize a renewed dedication to solving the problems of American Indians and Alaskan Natives through a joint effort with these communities. As Commissioner of the Administration for Native Americans, I also serve as Chairman of the Intra-Departmental Council.

- The Council is also working to ensure across-the-board implementation of Departmental responsibilities to improve health services delivery, combat alcoholism and substance abuse, re-unite families, and counsel problem-ridden, abandoned or run-away children and youth.

- The White House Task Force on Indian Affairs is working on developing, maintaining, and promoting the implementation of a meaningful policy in which all Federal agencies participate. One of the significant thrusts is to increase government-wide awareness and support of the historic trust responsibility of the Federal government to American Indian tribes and Alaskan Native villages.

- The Administration for Native Americans is addressing veterans' issues as a priority for the Intra-Departmental Council for Indian Affairs. The Native American Veterans Coordinating Council, advising Secretary Derwinsky, is exploring improved service benefits delivery for Native American veterans and is moving towards early implementation of model programs to ensure that this constituency is appropriately serviced.

- The Administration for Native Americans is seeking to include three additional agencies in the agreement with the Minority Business and Development Agency to promote business among Native American individuals.

- The Administration for Native Americans has concluded an agreement with the General Services Administration to make excess surplus Federal property available to grantees. By the end of the year, we expect to implement this agreement in at least three significant projects.

- I regularly meet with The Department of Interior's Assistant Secretary for Indian Affairs, Ed Brown, to identify pragmatic means of ensuring the complementary implementation of our Agencies' programs.

- Last week, I participated in a think-tank meeting of Native American leaders convened at the American Indian Trade and Development Council Third Annual Conference to discuss the major concerns facing Native American communities.

- I have also met with the National Congress of American Indians, the Council of Energy Resource Tribes, and the National Center for American Indian Enterprise Development and consulted at 13 different meetings with Hawaiian groups during the first four months of my tenure. Such exchanges are essential for developing the Agenda for the Nineties which will inform Federal leadership of those directions most critical for our constituency.

This initiative must result in long-range strategic planning which will galvanize the Native American-Federal partnership into that self-sufficient relationship common to all American government entities.

I look to this Committee to share its insights on these initiatives with me.

I appreciate the opportunity to appear before the Committee. I will be happy to answer any questions you may have at this time.

STATEMENT OF MICHAEL B. JANIS
GENERAL DEPUTY ASSISTANT SECRETARY
FOR PUBLIC AND INDIAN HOUSING

Senator McCain, and Members of the Committee, I am pleased to have the opportunity to appear before you today to discuss the President's proposed 1991 budget for programs affecting American Indians, Alaskan Natives, and Native Hawaiians, and to review and reaffirm the Department of Housing and Urban Development's (HUD's) commitment to these important programs.

When Secretary Jack Kemp appeared last month before the House Committee on the Budget, he characterized the HUD budget as one that is "serious and responsible, broad-based and innovative." In short, our budget clearly reflects President Bush's and Secretary Kemp's unwavering support of a society of economic opportunity and entrepreneurship, affordable housing and homeownership.

The President's budget -- the first real dollar increase in proposed HUD budget authority in almost a decade -- underscores this Administration's pledge to provide the clean, decent, safe, and affordable housing which are at the very heart of the aspirations of all Americans.

The citizens of particular interest to this Committee -- American Indians, Alaskan Natives, and Native Hawaiians -- have not always been buoyed by the economic tide of recovery which has resulted in the longest peacetime economic expansion in America's history.

We recognize fully that American Natives represent the fastest growing minority group in the United States today, and their ever-increasing housing, homeownership, and economic development needs must be addressed comprehensively and completely. As Secretary Kemp has said, "to move this country forward, we cannot afford to leave anyone behind."

The Department of Housing and Urban Development will work in conjunction with this Congress, this Committee, and this Administration to ensure that HUD will provide help and hope to these fellow citizens in need.

Today, there are close to 70,000 units of HUD housing on Indian reservations, approximately 7,300 units in the pipeline, and more than 1,700 units to be developed this fiscal year. In addition, HUD's rental housing program has funded 23,250 units, more than one third of the entire Indian housing inventory, since the first rental unit project application was received from the Oglala Sioux of Pine Ridge, South Dakota, in 1961. From Mutual Help Homeownership programs to Turnkey III, HUD has helped Native Americans realize the quintessentially American Dream of homeownership.

In the public and Indian housing area, the President's budget asks Congress for almost $2 billion in modernization funds -- twice that of last year's request. Coupled with $3.4 billion of appropriated funds currently in the pipeline for modernization, and nearly $2 billion for operating subsidies, the budget demonstrates an Administration adamant in its efforts to ensure that the quality of life for, and the essential necessities of, low-income Americans of all races, colors, and creeds shall not be compromised.

In fiscal year 1989, Indian Housing Authorities (IHAs) received $43,200,000 of Comprehensive Improvement Assistance Program funds for modernization of Indian housing, as well as similar amounts in operating subsidies, representing nearly $100 million in HUD assistance. In this fiscal year, the Department will spend nearly $53 million in modernization funds for Indian housing.

We recognize this Committee's consternation at the lack of housing starts authorized in the current budget; however, the Department is not wanting in its commitment to Indian programs nor wavering in its recognition of the real needs that exist on Indian reservations. In an era of ever-pressing budget constraints, we simply sought to direct limited resources, in Indian and other HUD programs, to rehabilitation and renovation, to evaluation and enhancement of existing activities.

Secretary Kemp has stated repeatedly that an individual's lack of housing often reflects a sad symptom, and not the sole cause, of true need. Thus, the Department -- through the Community Development Block Grant (CDBG) Program -- has sought to provide funds for the economic, rehabilitation, and community development demands which exist on many, if not most, reservations. Since 1975, tribes have received more than $337 million in Community Development Block Grant funding.

Indian tribes have innovatively used these funds, more than $25 million in FY '89 alone, for housing rehabilitation and construction, public infrastructure, community facilities, and land acquisition. Monies from the CDBG program were effectively combined with funds from the Bureau of Indian Affairs and the Indian Health Service to empower, enhance, and energize economic activity on reservations throughout the country.

While the CDBG program, normally funded through the Secretary's Discretionary Fund, is not directly within my program purview, I know that the Department has prepared legislative language for Congressional consideration which will likely restore 1990 funding to that critical program. Indeed, the Department looks forward to working with our authorization and appropriation Committees to ensure that this vital economic development tool shall once again be effectively in the hands of Indian tribes.

Finally, the National Commission on Native Americans, Alaskan Natives, and Native Hawaiians, while authorized but not appropriated funds by Congress, is receiving the full and immediate attention of the Department.

Mr. Chairman, I believe that President Bush, Secretary Kemp, and this Administration are fully committed to providing homes and hope, entrepreneurship and economic opportunity to all Americans. I personally look forward to working with you to ensure that clean, decent, safe, and affordable housing shall become a reality for Native Americans.

As Secretary Kemp said recently, "we are proud of the fact that over the past year we have begun to work as a partner with Congress to address our pressing housing and economic development priorities." I look forward to serving with my colleagues at HUD as part and parcel of that partnership.

Thank you, Mr. Chairman, and I would be pleased to respond to the Committee's questions.

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Executive Director
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February 27, 1990

Senator Daniel Inouye, Chairman
United States Senate
Select Committee on Indian Affairs
838 Hart Senate Office Building
Washington, DC 20510

Dear Mr. Chairman:

The National American Indian Housing Council submits the attached comments on the President's Budget for Fiscal Year 1991 regarding housing programs for Indian people administered by the Department of Housing and Urban Development, the Department of Interior, Bureau of Indian Affairs and the Indian Health Service.

Sincerely,

Virginia E. Spencer
Executive Director

Attachments

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TESTIMONY SUBMITTED TO THE UNITED STATES SENATE SELECT COMMITTEE ON INDIAN AFFAIRS BY THE NATIONAL AMERICAN INDIAN HOUSING COUNCIL ON THE PRESIDENTIAL BUDGET FOR FISCAL YEAR 1991

The National American Indian Housing Council respectfully submits the following comments on the President's Budget for Fiscal Year 1991 regarding housing programs for Indian people administered by the Department of Housing and Urban Development, the Department of Interior, Bureau of Indian Affairs and the Indian Health Service.

The Bureau of Indian Affairs (BIA), the Indian Health Service (IHS) and the Department of Housing and Urban Development (HUD) are necessary entities for the development of housing on Indian reservations and other Indian areas. The BIA is supposed to play a major role in all activities which occur on and off Indian lands. Although the BIA has done a limited amount of new unit construction in the past, HUD has accepted the role of providing over 70% of all Indian Housing since 1961. IHS, a division of the U.S. Department of Health and Human Services, provides most water and sewer facilities for Indian housing projects.

The FY 1991 Presidential budget proposal for the Department of Housing and Urban Development Indian Housing Programs contains no money for construction of new housing units. The Indian Health Service FY '91 budget for new construction of sewer and waste management facilities is proposed at the zero level. The Bureau of Indian Affairs Housing Improvement Program requested $16.9 million for rehabilitation of existing units but sought no funds for construction of new units or roads.

BIA also requests $123,000 for the Housing Training. A program designed for Indian tribes to conduct the annual housing needs survey that determines the overall housing needs for the entities providing Indian housing assistance or training. In 1989, the BIA housing needs survey determined that approximately 93,000 Indian families were in need of a decent, safe and affordable place to live.

On January 29, the day the President's Budget for Indian Housing was introduced by HUD, NAIHC Executive Director, Virginia Spencer, asked HUD how the administration could justify the proposal to zero out the Indian Housing budget despite the

overwhelming shortage of homes in Indian Country. HUD officials responded that the administration plans to meet the shortage of housing with the new HOPE (Homeownership and Opportunity for People Everywhere) initiative.

The Homeownership and Opportunity for People Everywhere program

The Administration's HOPE program is planned to be a comprehensive action to increase homeownership opportunities for low and moderate income families and to create jobs and entrepreneurial activity in distressed urban and rural communities. There is no mention of HOPE for Indian and Alaska Native areas where housing programs have suffered through federal funding reductions of nearly 80% since 1981. There is no mention of addressing the needs of the 93,000 Indian families in need of a decent place to live.

For FY 1991, HUD has requested $250 million for the HOPE grants program, of which, $240 million will enable low-income families to become homeowners with a stake in their communities by providing funds for resident homeownership in public housing, Government held vacant and foreclosed properties, and financially "distressed' properties held in the FHA portfolio. In addition, $10 million will be available to fund a service component, linked to the Section 8 Rental Assistance vouchers, in order to help the elderly remain independent. States, localities and non-profit organizations generally will be required to provide $1 for every $2 in Federal HOPE Grant funds. This standard will not work for Indian Country where, according to 1980 U.S.Census, 27.5 percent of the Indian population lives in poverty and relies on federal housing to meet almost all housing needs for Indian Country. A matching 50% requirement would be virtually impossible for Indian tribes and IHAs to follow. The $250 million proposed for this program falls short of the total new construction appropriation in FY 1990 for HUD's Public and Indian Housing programs.

HOPE proposes the creation of 50 enterprise Zones in the nation's most economically distressed areas within which tax incentives will be available to stimulate small business development and economic growth. According to HUD/Office of Policy Development and Research, Indian and Alaska Native areas are to be included for consideration because of their unique tax conditions. While this idea is a good one, enterprise zones offer NO HOPE to meet the current <u>housing</u> needs of people who have no place to live.

The HOPE program offers to facilitate homeownership opportunities by requesting funds for 6,000 vouchers and certificates to relocate residents, replace rental units lost to homeownership as rental assistance. In most Indian areas and in the remote native areas of Alaska, there are no spare rentals, and resettlement of residents parallels the disastrous removal,

termination and relocation policies imposed on Indian people by this government of the 1940's and 50's that has caused many Indian families to permanently leave their homelands for urban areas.

HOPE is intended for the urban and not-so rural areas of this country and may deliver some very minimal housing relief in those areas. Other alternatives are needed for housing hope in Indian Country.

The Bureau of Indian Affairs

Among the many concerns the BIA administers, the Housing Improvement Program (HIP) is designed to provide housing assistance to Indians and Alaska Natives. The FY91 budget proposes to focus on rehabilitating existing homes with a request for $16,699,000. FY 1991 budget estimates "BIA program accomplishments will meet approximately **5%** of the overall long term renovation needs." (FY 1991 BIA Housing Budget Proposal, pp. BIA 290). In their budget,the BIA declares that, **"The primary responsibility for new home construction on Indian reservations lies with the Department of Housing and Urban Development (HUD)."** New home construction on Indian reservations is proposed at zero in the FY 1991 HUD budget. The BIA also requests zero funding for construction of new homes. Now, who has the responsibility?

The BIA makes the request for $123,000 for Housing Training. A program that is used primarily to gather data for the annual housing needs survey that for 1989 indicated a need for 93,000 families who are without housing, and $3,402,000 for the Housing Development component responsible for administering the HIP program. Since HIP will meet approximately 5% of the overall needs for rehabilitation, administration of HIP should be funded accordingly or an equal level to the BIA's delivery goal. According to the BIA, the Housing Development component consists of bureau staff responsible for implementation, monitoring, inspecting and coordinating HIP, especially with IHS sanitary facilities construction program, and other federal agencies--HUD, FmHA--involved in providing Indian housing but provides no planning, new construction or rehabilitation of Indian housing.

Department of Housing and Urban Development -- (HUD)

Appropriations for HUD Indian housing programs have been decreasing since the early years of the Reagan Administration and primarily continue to diminish in the Bush Administration. FY 1990 and FY 1991 the Bush Administration proposed zero funds for construction of new Indian housing units. With the leadership from the Senate, Indian housing was funded for 1675 units ($136 million) for FY90.

Now FY91, the Administration declares fighting the war on homelessness and poverty through HOPE. However, the HOPE program

is for urban housing problems and does not speak to addressing the needs of the rural and there are no substantive long or short range plans to meet the needs of the Indian population. There is no new construction planned in the Administration's proposal. HOPE is a minor program initiative that will not meet the housing needs of the poor people of this nation.

The Indian Housing program is being zeroed to pay for HOPE. Poor people who need homes will remain homeless. Indian housing is a well managed program that has shown success and growth over the years. For instance, in FY 1989, 120 of 180 IHAs scored 70% or better in the Administrative Capabilities Assessment (ACA). ACA is a HUD mechanism for determining annual funding awards. The Indian Housing Program is effective and working to provide homes to the Indian and Alaska native population, yet the program is zeroed-out annually.

The BIA is proposing $16.6 million and HUD (approximately) $53.6 million for modernization of present housing stock that in many cases is overcrowded with 2 or 3 families living in the same house. Overcrowded conditions create other problems for residents such as fires and rapid deterioration of the homes. In 1990 it is estimated that 77 Indian people will die due to fire in the home. These fire deaths can be attributed to faulty construction of the home or overcrowding living conditions. ("Characteristics of Fire Loss In A Group of Native American Homes: Recommendations for Loss Reduction", 1989, by B. Kevin Molloy and AMERIND Risk Management RISX-FACTS).

INDIAN HEALTH SERVICES

In the 1980's the Reagan Administration did not view sanitation services as a necessary need for Indian housing. Keeping in line with Reagan, the Bush Administration has recommended no funds to supply offsite sanitation facilities for 3,000 existing housing units in FY 1991 which needs $27 million. The Administration has requested $6.0 million for equipment and training of established operations and maintenance organizations and $4.0 million for Regional Solid Waste Collection and disposal facilities. Updated Sanitation Facilities are needed for 6500 housing units in FY 91. This amounts to a need of $65 million.

According to the 1980 U.S. Census, almost one fourth of all American Indians live in housing that either lacks basic plumbing facilities defined as not having hot and cold piped water, a flush toilet and a bathtub or shower inside the unit for the exclusive use of its occupants or the unit is overcrowded. In addition to poor housing and inadequate plumbing, a safe water supply is a major problem in Indian Country. While the incidence of unsafe water for the nation as a whole is about 3%, the figure averages

20% for Indian communities.

Homeless Funding for Indians

Funding for the Indian homeless is another problem. Of the 17 available programs for homeless assistance Indians and Alaska Natives are eligible for only 3, and two of those only as second level grantees. In the only direct funding program for Indians, the Emergency Services Grant/ Supportive Housing Grants, all 17 Indian applicants were rejected in FY 1989. The Emergency Services Grant (ESG) provides shelter for the homeless and helps meet the costs of operating shelters and provides social services such as employment counseling and health services. Funds are allocated to cities, counties, and states and distributed to ESG applicants. In 1988, Government Accounting Office (GAO) interviewed 42 grantees of ESG. "None of these grantees target veterans or Native Americans".

Indians are eligible as a second level grantee for the Federal Emergency Management Administration (FEMA) Emergency Food and Shelter Program. FEMA funds provide food, consumable supplies and small equipment to the homeless and many times is the only source of funds for thousands of shelters and assistance providers. When FEMA receives its appropriation, it convenes and chairs a National Board composed of the United Way of America; the Salvation Army; the National Council of Churches; Catholic Charities, USA; the Council of Jewish Federations, Inc; and the American Red Cross. The National Board establishes fund allocation criteria throughout the nation using poverty and unemployment data; and advises each state, territory, and locality of the amount of funds allocated to it. "Indian entities are included but many times are not adequately being served by the states or local governments because they did not now how Indian people could be served". (U.S. Government Accounting Office, Report to Congress, May 1989, HOMELESSNESS HUD'S AND FEMA'S PROGRESS IN IMPLEMENTING THE MCKINNEY ACT).

In 1961 Indian housing programs were established and Indians on reservations and trust lands became eligible for publicly assisted housing which had begun 25 years earlier throughout the country. Since the beginning of Indian housing over 70 percent of all housing built on Indian reservations has been supplied by HUD. Between 1970-79 HUD starts averaged 3,488 units per year, but between 1980-1989 HUD new housing starts declined during the Reagan years, at a time, when the need for new housing was aggravated by rapid populations growth and unemployment.

In President Bush's inaugural address there was promise of a new, gentler, and kinder nation and challenges to all Americans to end the crisis of homelessness so that soon every citizen in

America would have a roof over their head. But, now in his first real budget, President Bush is taking the same course set by the Reagan Administration. Indian housing programs are seen as not necessary and proposed for elimination despite the growing need for new housing construction.

The National American Indian Housing Council is a non-profit corporate organization whose membership consists of 180 Indian Housing Authorities throughout the lower 48 states and Alaska. NAIHC is the only Indian organization on a national level committed to working with the various Indian housing authorities and tribal governments ensuring the delivery of professional services that enhance the lives of Indian citizens living on reservations or traditional native lands.

Because of their concern and interest with the future of Indian Housing, the NAIHC Board of Directors and membership submits the following recommendations and issues to the Senate Select Committee on Indian Affairs on the President's Fiscal Year 1991 Budget.

RECOMMENDATIONS AND ISSUES

The National American Indian Housing Council recommends a "set-aside", within the section 302(b) allocation of 6,000 units or $500 million for Indian Housing in the Congressional Budget Resolution. A set-aside would specify a spending minimum for all new construction based on the housing need of Indian country and offset the zero funding levels proposed each year.

NAIHC also recommends an exemption for Indian housing from sequestration in the Gramm-Rudman Deficit Reduction Act and other reduction measures. NAIHC concurs the Federal Deficit Reduction Act (FDRA) must be adhered to, but why should the FDRA take precedence over the homeless and needy in this country.

NAIHC recommends that the Bureau of Indian Affairs allocate funding for construction of new Indian homes for the elderly and handicapped at a minimum of 2000 units per year.

BIA rehabilitation of existing Indian homes should be increased to $32 million per year to address a minimum of 10% of the immediate need.

NAIHC recommends Indian Health Service receive funding to supply sewer and sanitation services for 6,500 units of Indian housing or a minimum of $65 million to meet the current needs of Indian Country.

NAIHC recommends that Indian Tribal governments and IHAs be designated as first level grantees for all homeless assistance and specified as such in the Stewart B. McKinney Homeless Assistance Act (P.L. 100-77).

NAIHC recommends the Administration develop a 10 year plan to eradicate the housing shortage in this country. Thousands of Indian and Alaska Native families have been on waiting lists for several years waiting patiently for housing assistance to obtain decent standard homes. If the Bush proposal is allowed to stand, how do we tell these needy families the Federal government, who has the responsibility to address the problem of housing in this country, is not able to provide the necessary means for providing this long awaited home.

INDIAN HOUSING ISSUES

1. Minimum of 6,000 units of new development for Indian Housing

Nearly 25% of Indian population needs standard housing; BIA statistics -- nearly 93,000 families need housing rehabilitation or new construction. The FY 1991 President's budget proposes zero for new construction. In the House, the Gonzalez authorization bill (H.R. 1180) proposes 2,000 units each for fiscal years '90 and '91. The Senate Housing Bill, S. 566, proposes 1,250 units each for the two fiscal years, 1990-91.

Legislative Action: Direct requests for funding to the Budget, appropriations and Authorizing Committees and work on both Administration and Congress for future funding. Support Gonzalez Bill -- (H.R. 1180). Request Senate Banking Subcommittee to increase the level of authorization for Indian Housing.

2. Relief for old Mutual Help Program Participants

The Old Mutual Help Program was designed for very poor Indian families. In today's economic climate, financial circumstances often prevent these families from making homeowner payments. This is contrary to the intent of providing housing for low income families. HUD should allow the IHA to convert the unit to rental so that families can continue to live in the home without the threat of eviction. It is recommended that, once these units are paid off by the IHA, the family becomes the owner of that unit.

Legislative Action: If HUD does not respond, legislative action may be necessary. Refer to Banking Committees and Senate Select Committee on Indian Affairs.

Ref: 24 CFR 905.315 (b) and 435 (proposed consolidated regulations.), statutory authorization to revise assistance to participants is at U.S. Housing Act-1937 Sec. 5(f).

3. Standard deduction of $1,000 per household member and $2,000 per elderly or handicapped family and reduction of rent ceiling from 30% to 20% of adjusted income.

Indian families have almost no opportunities for decent housing except for HUD financed units. In determining the family's eligibility for occupancy and continued occupancy, the individual deduction allowable to determine the adjusted gross income are inadequate to serve the lowest income participants. NAIHC recommend that the individual deduction from income be increased from $480 per each dependent household member to $1,000 for each family member residing in the household regardless of status; and from $400 per elderly family to $2,000 for any elderly family, and that the requirement of 30% of the family's adjusted income be reduced to 20%.

Legislative Action

Amend the Housing and Community Development Act of 1987 with regard to this problem, and, if necessary, further amend U.S. Housing Act, 25 USC Part II, Sec. 3(A) "A family shall pay rent for dwelling unit assisted under the Act...the highest of the following:..."

Section 3(A)

1. 30* percent of the family's monthly adjusted income;
   * **change to read 20 percent**

2. 10 percent of family's monthly income; or

3. if the family is receiving payments for welfare assistance from a public agency and a part of such payments, adjusted in accordance with the family's actual housing costs, is specifically designated by such agency to meet the family's housing costs, the portion of such payments which is so designated.

Section 3(B)

The term "adjusted income" means the income which remains after excluding:

A. $480 for each member of the family residing in the household (other than...)...etc.
B. $400 for any elderly family.

Changes to read:

The term "adjusted income" means the income which remains after excluding:

A. $1,000 for each member of the family residing in the household;

B. $2,000 for any elderly family.

4. Revise definition of elderly for program qualification to 55 years of age.

HUD's definition of elderly is currently 62 years of age or over. Recognizing that the life expectancy of American Indians is less than that of the overall population, the Bureau of Indian Affairs has set the age for elderly at age 55 for the Housing Improvement Program (HIP)

Legislative Action In order to statutorily lower the base "elderly" age limit from 62 years to 55 years, it would be necessary to amend the U.S. Housing Act of 1937: at the end of sec. 3(b) (3) (A) add a clause which states that in the case of Indian Housing Authorities, the term elderly family includes a person who is at least 55 years of age; and/or add at Title II Sec. 201 (d) a sentence stating that in lower income housing developed or operated by IHAs, the definition of elderly for Indian families shall include persons at least 55 years or older.

Ref: U.S. Housing Act of 1937, Sec. 3(b) (3) as amended by the Housing and Community Development Act of 1987, Part 2, Sec. 111.; 42 USC 1437a; Indian Housing Act of 1988 Sec. 201; 42 USC 1437a.

5. Add turnkey III to PL 100-358, Indian Housing Act Amendments

Although there are only about 2370 homes constructed under the Turnkey III Program, and, though no new homes are being constructed under this program and some IHAs are converting Turnkey III homes to rental units, the housing authorities still managing this program must have clear regulations to go by. (Particularly affected is Seneca Nation IHA which manages 107 Turnkey III units in Indian Country.) Families who originally participated in the Turnkey III program have not changed their desire to be homeowners and have no interest in becoming renters after years of paying on their homes. Turnkey III is a home ownership program like Mutual Help, not a rental program. Unlike Mutual Help, Turnkey III is not mentioned in PL 100-358 and appears to often be ignored when regulatory changes are made both for the low-rent program under Title I of the U.S. Housing Act of 1937 and the Mutual Help Program, now under Title II. For example, unless a housing authority has specified differently in its Turnkey III contract, the project is still under HUD's 30% rule although mutual help projects have different payment requirements (15%-30% set by the IHA).

Legislative Action: Add language to P.L. 100-358, either by adding a new Sec. 203 which spells out how the Turnkey III program is to be handled.

Ref; 24 CFR 905.503 (b) proposed consolidated regulations, NAIHC Resolution 88-08.

6. Reservation and Rural Economic Enterprise Zones

It is necessary for IHAs to cooperate with tribal governments in seeking viable long-term solution to the Housing and economy-based problems in Indian Country so that communities can thrive and their needs can be met by the people themselves. This would result in more businesses and employment in Indian Country.

Legislative Action: H.R. 6 Work with the appropriate congressional committees to assure that this bill includes rural areas, Indian reservations, and other recognized Indian and Alaska Native communities as economic enterprise zones.

7. Housing Improvement Program (HIP) administration by IHAs

Indian Housing Authorities are gaining the expertise to manage complex housing programs. Many tribal governments have elected to place the administration of the BIA/HIP Program in the hands of the local IHA which enables them to coordinate efforts to better meet the community's needs. The BIA may attempt to exclude IHAs from being allowed to administer the BIA/HIP program if it is contracted by a Tribe. It is important that this type of management capability and flexibility be maintained and encouraged and that the sovereign right of tribal governments to make such choices be protected. Also, it is important that NAIHC support the federal government's efforts to ensure the self-determination of tribal governments and to build the best possible federal support system for this.

Legislative Action: Monitor any BIA legislation and regulations that may propose this change.

8. Provisions for special deduction from income

In some Indian Housing Authorities special circumstances exist which cause unintentional and unfair hardship on program participants. For example: 1) housing authorities that are close to the Canadian border have enrolled members who may work in Canada, live on the reservation, and thus, pay income taxes in both countries. This individual's rent or homebuyer payment is based on his/her gross income. But, since income tax is paid twice, that person's actual income is less than is reflected by his U.S. W-2 form; 2) An individual lives on the reservation but works in the

city. In order to support the family this person must maintain both a home on the reservation and a room in the city where expenses are far higher than on the reservation. Again, the rent or homebuyer payment is determined by his/her gross income, a substantial portion of that income being used up in paying for residences in two locations.

Legislative Action: Revise the "definition of income" section of the U.S. Housing Act of 1937.

Ref; 24CFR 905.320 and Subpart L, 42 USC 1437 9a)(1), U.S. Housing Act of 1937 Sec. 3 (a), 3(b)(4).

Mr. Chairman and members of the Senate Select Committee on Indian Affairs we know you share our views on this critical issue and we thank you for allowing the National American Indian Housing Council to present this testimony.

PREPARED STATEMENT OF ROGER FORDEAUX

ASSOCIATION OF COMMUNITY TRIBAL SCHOOLS
449 NORTH PLUM STREET - SUITE 100
VERMILLION, SOUTH DAKOTA 57069

Mr. Chairman and Members of the Committee, thank you for the opportunity to address you concerning the FY '91 Budget proposed by the Administration for the Bureau of Indian Affairs. My name is Roger Bordeaux, I am the Executive Director of the Association of Community Tribal Schools, which is a national organization representing over 50% of the students in community/tribal elementary/secondary schools.

Mr. Chairman, this subcommittee has always supported change that has improved delivery of education services to Indian students. We hope that you will continue oversight of the implementation of various changes approved by the 100th Congress.

The BIA proposed budget will not foster positive change. The goal and budget initiatives in the budget justification were developed, and are being implemented, without consultation as required by P.L. 100-297. They have been able to put together a budget that leaves gaps, does not consider actual student costs, and does not implement the improvements as intended by the 100th Congress. The budget as presented will not assist the schools in seeking the Bureau's mission of providing "...Quality education opportunities from early childhood through life..." and "...manifest consideration of the whole person...".

A. INDIAN SCHOOL EQUALIZATION PROGRAM

The BIA ISEP weighted student unit dollar growth since FY'85 is a small 19% increase.

TABLE I.

FY	Dollars per WSU	% Growth
85	$2,066	
86	2,103	2%
87	2,230	6%
88	2,370	6%
89	2,408	2%
90	2,491	3%

The National Center for Education Statistics reports the public school per pupil expenditure growth since 1985 is 37%. (Used to distribute $700,000,000 of Federal impact dollars. $245,000,000 goes to public school districts with Indian lands.)

TABLE II.

FY	PPE $	% Growth
85	$2,860	
86	3,086	7%
87	3,372	9%
88	3,646	9%
89	3,871	6%
90	4,104	6%
	TOTAL	37% increase

Another way to look at this is to start with the FY'88 weighted student unit dollar figure of $2,370 and add the Congressional Budget Offices' Consumer Price Index of 4.1% for FY'89, '90, and '91.

IF THE PERCENTAGE INCREASE FROM THE NATIONAL CENTER OF EDUCATIONAL STATISTICS IS USED THE SCHOOLS SHOULD RECEIVE $3,200.00 PER WSU IN FY'91.

IF THE CONSUMER PRICE INDEX IS USED, THE SCHOOLS SHOULD RECEIVE $2,675.00 IN FY '91.

Mr. Chairman, either way, BIA has not requested enough funds from Congress to keep up with the public school PPE or the CPI used by the Congressional Budget Office. The children in the BIA funded schools need your help.

Under the program element ISEP, the FY 1991 base needs to be $207,000,000. This is the minimum amount needed for basic services to students in BIA funded schools. Any amount less than this will not assist students in their efforts towards excellence and self-determination. All Congressional mandated improvements, transportation, and BIA initiatives are not included.

The following is the cost of Congressional mandates and initiatives proposed by the BIA:

Increase Teacher Salary	$ 8,800,000
Vocational Education Match	$ 2,500,000
Funds For State Sub-agencies	$ 500,000
1% Director Discretionary Fund	$ 2,000,000
Transportation	$11,000,000
TOTAL	$24,800,000

The Schools needed at least $2,568 per weighted student unit, in FY 1990. They got $2,491. The total for ISEP in FY 1991 needs to be at least $207,000,000 just to keep up with inflation and does not take into consideration the $24,800,000 for teacher salary increases, transportation costs, and the vocational education match.

Schools should not be held responsible for shortfalls in education excellence if the BIA does not request an amount to continue improvements in cultural preservation, test scores, attendance rates, graduation rates, and other indicators of success.

B. OTHER AREAS THAT NEED TO BE ADDRESSED

The BIA proposes a 44% increase in their central office administration budget for the office of Indian Education Programs and expects the students in the schools to receive only a 3% increase. The projection of $2,670 per WSU is a gross exaggeration. The actual WSU amount for FY'91 will be between $2,550 and $2,580.

The Director of OIEP has a discretionary fund of 1% ($1,710,00) and is also requesting a total of $4,930,000 in program adjustments. 75% of the adjustments are distributed at the discretion of the director.

1. Facility construction for schools - build 3 schools per year. This will replace a school every year. Cost per year = $1,000,000.

2. White House Conference on Indian Education - FY'91 Cost per year = $1,000,000.

3. Tribal Contract and Grant schools need forward funding.

4. Funds are needed to implement the tribal department of Education provisions in P.L. 100-297. We support the current efforts by the Oglala Sioux Tribe as they seek funds for a TDOE.

5. The proposed reorganization of the office of Indian Education Programs needs to start from the top down. The Central Office needs no more than 6 FTE. The remainder of the functions should be transferred to Agency Operations.

6. The BIA is presently doing a survey of various factors concerning salary comparisons. We ask for help to insure contract and grant schools are included in funds distributed as a result of the survey.

7. The BIA has a new school start application from WAKPLLA Community School. This is not figured into the BIA budget justification.

8. We urge the subcommittee to recognize the need for the Five Winds School expansion project at Devils Lake.

9. The Title V Program, administered by the Department of Education provides for a 10% set-a-side for tribally controlled schools. The Department of Education's proposed FY'91 budget as submitted by the Administration appears to ignore this by diverting $412,000 to LEA's. This move is in our opinion, contrary to the intent of the authorizing legislation.

In closing Mr. Chairman, allow me once again to express my thanks for allowing us to testify. Please feel free to request, of us, any data or other information which you or your staff feel would be helpful to you as you deliberate over the FY'91 Interior Appropriations Bill.

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National
Indian
School
Board
Association

PREPARED STATEMENT OF CARMEN CORNELIUS-TAYLOR,

PROGRAM DIRECTOR, NATIONAL INDIAN SCHOOL

BOARD ASSOCIATION, ALBUQUERQUE, NM

We are pleased to have this opportunity to submit a written statement on BIA's FY 1991 budget proposal. The National Indian School Board Association is an organization which was chartered in 1982 to provide advocacy, training, and oversight for its member schools and to assist in the facilitation of BIA's Congressionally mandated policy of "Indian control in all matters relating to education". This, we believe, is best accomplished through empowering and strengthening school boards.

This testimony considers the specific proposals in the FY 1991 BIA budget justification as well as items which should have been addressed, but are not:

1. INDIAN SCHOOL EQUALIZATION FORMULA. (+6,819,000.00). While at first glance, this looks like a significant increase for the ISEF, the BIA budget justification itself states that the value of a Weighted Student Unit (WSU) will be reduced by $34, and the payment for Student Transportation will be decreased by about 2 cents per mile. This increase is actually composed of $8.8 million dollars for the second year phase-in of the DOD salary increase, but decreases of $800,000 in student transportation and $1,181,000 based on the "historical declining trend" in the enrollment of bureau-funded schools.

We cannot help but question the accuracy of these projections based upon what actually occurred in FY 1990. Because this impacts FY 1991, the following re-cap is provided for your review and consideration:

BIA's FY 1990 budget request estimated that the ADM would be 39,000, the WSU 66,200 and the value of the WSU would be $2,490. In actuality, the ADM was 39,791, the WSU 68,996 and the value of the WSU was $2,450.

This distribution to the schools included the amount appropriated for the first phase of the DOD salary increase and also included $723,000 for school board expenses and $512,000 for school board training. With these dollars being distributed through the formula, there should have been an increase, not a decrease.

Please permit me to describe two "scenarios" which better demonstrate the gravity of the problem; these are figures provided to NISBA by two schools:

I. School "A" had the same student count in FY 1990 as in FY 1989. The increase in ISEP dollars from 1989 to 1990 was $27,300. However, the first year phase-in of the DOD pay raise cost the school $91,765.51. This included the fringe benefits. This

school was not over-staffed; and if they wish to retain their Northcentral Accreditation, they cannot cut any staff.

11. School "B" experienced an increase in student count in FY 1990 and planned to hire an additional teacher in order to split a multi-graded classroom. However, in order to comply with the pay raises, the additional dollars generated by the increase in students had to be used to cover the raises for the present teachers. This results in larger teacher/student ratios which is the opposite of what was intended by the school's budget planning. Additionally, some dollars were taken from program areas to also put toward the teacher raises.

NISBA, along with other organizations, worked diligently to get statutory language regarding long overdue pay raises in order that teachers in BIA-operated schools would be brought up to the levels of their public school counterparts. Now we find that schools are still suffering because the amount requested did not take into consideration fringe benefits, the regular Cost of Living Allowances (3%), and, perhaps, because BIA distributed the dollars without a careful analysis of how the dollars should be distributed based on need (position categories, etc.).

The formula funding in 1979 was $1,819 per WSU. In 1990, it was $2,450 per WSU: an increase of only $631 in 11 years. Salary increases for General Schedule employees has increased 45% since 1979; FERS retirement benefits have increased; and the first phase of the DOD pay scale has been implemented. The increases in ISEF are definitely not in step with the salary increases — to say nothing of increased costs of books, supplies, food, etc.

Using simple figures, let's examine a representative situation of how this disproportionate growth in salaries affects a school's budget:

> A school of 100 students in 1979 would have received a minimum of $181,800 in formula funding for student instructior. A school with 100 students would probably have 5 teachers, a principal, and a clerk. If those 7 staff were all in the first year, and would have been under Civil Service Retirement system, with a maximum of 26% EBC, the aggregate salary would have been $89,935. Those salaries would have comprised 49% of the budget, leaving 51% of the budget for food service staff, supplies, textbooks, and other instructional supplies and equipment.
>
> In 1990, that same school with 100 students would have generated a minimum of $245,000 under the instructional budget. However, those 7 staff members would be receiving an aggregate salary, with 45% EBC's under the FERS of $263,197. Obviously, the school would not only have no

dollars for program, but would have to cut staff, as well.

RECOMMENDATIONS:

1. Ascertain from BIA that the 8.8 million dollars requested is actually enough to cover the raises and employee benefits for the 2nd year phase in the DOD pay increase.

2. Direct BIA to do a thorough analysis of the position categories required to receive the raise and distribute it accordingly.

3. Restore the $800,000 for student transportation/

4. Restore the $1,181,000 BIA suggests is not needed due to declining enrollment.

Although this will still not provide significant increases to the base operational programs of the schools, it will at least ensure that further decreases will be minimized.

2. Staff Development and Training. The $1,000,000 in this line item represents an increase of $500,000 over FY 1990.

The 1991 budget justification indicates that the increase will be used for a variety of staff development efforts.

As a member of the Bureau Effective Schools Team, the NISBA Program Director highly recommends the continuation of the Effective Schools efforts and hopes that the majority of the $500,000 increase be used to accelerate the number of schools involved and to further the support efforts to those schools already in the process.

3. Junior/Senior High School Equipment Program (+625,000). The Bureau is to be commended for recognizing this as a need and for including this line item in their budget request. ISEP does not provide for the large dollar purchase of equipment which may only need to be purchased once every decade.

4. Parental and Community Involvement (+2,000,000). NISBA is pleased to see that BIA is recognizing the importance of early childhood education and parental involvement programs. It is our hope that some discretion will be permiteed to tribes and schools in the design of these programs. Another concern is that this was once done through the Parent Child Development Programs which BIA chose to phase out approximately 4 years ago. It is our hope that this is a more serious effort to institutionalize these programs and is not a "passing trend" as were seemingly the previous efforts.

FORWARD FUNDING. Forward Funding has been authorized for BIA education for several years, but BIA has yet to request the one time "double funding" which will be necessary to implement. Department of Education Programs are all forward funded or funded through advance appropriations. Once again, NISBA requests the necessary funding to implement this very important provision. In these times of "tight" budgets and the need for careful planning, this provision would be most beneficial.

WHITE HOUSE CONERENCE ON INDIAN EDUCATION. Although there was $500,000 appropriated for this requirement of P.L. 100-297, it appears that there is no planning taking place. It is our hope that this conference becomes a reality as we move toward planning for education of Indian children in the 21st Century.

NISBA wishes to thank the Committee for the opportunity to testify and for your continuing interest and support.

If our office can provide you further information, please do not hesitate to contact us.

PREPARED STATEMENT OF ROGER JOURDAIN

TRIBAL CHAIRMAN, RED LAKE BAND OF

CHIPPEWA

The Red Lake Band of Chippewa is one of the original ten tribes funded for a Self Governance Demonstration Project.

After two years of preparation and developmental activities we are ready to begin to negotiate with the Congress for an agreement and the necessary funding to execute that agreement.

The Red Lake Band has already developed a Cooperative Agreement to manage the BIA Agency office at Red Lake. Out of frustration with the progress of Self Governance an interim measure to obtain some semblance of Tribal control had to be instituted.

The Red Lake Band of Chippewa has a lot of enthusiasm for the Self Governance Project, but realistically recognize that the negotiation process will be long and arduous. One way to assure failure of the negotiation process is to discourage participation by eliminating the necessary funding to accomplish the process.

At Red Lake we have analyzed the expenditures of IHS, BIA and local units of government. Our findings indicate that negotiations will be detailed, difficult and lengthy. A mere $20,000 that is projected to be available in 1990 will not cover legal fees.

To develop a quality product for the future the Red Lake Band needs resources available to address dozens of negotiation issues with the Bureau of Indian Affairs and Indian Health.

The intent of the Self Governance Projects was to allow tribes to exercise greater degrees of control over Bureau programs and services. With the recent interest in a **"New Federalism for American Indians"** we believe that Congress intended an even greater degree of control over federal programs by Indian Tribes.

To make a **"New Federalism"** work a multi dimensional negotiation process will have to take place. The easier work has been accomplished, that is developing plans, policies, doing analysis, gathering information and projecting future needs.

The recent BIA release regarding 1990 Self Governance funding for publication in the Federal Register will in effect quell the Self Governance Movement and its initiatives and allow the BIA and IHS to maintain the status quo. It essentially states that BIA will control the negotiation process, which in effect controls tribal efforts.

The BIA announcement is also short cited from the standpoint that Self Governance Tribes, are concerned with federal funding or a broader base from all agencies under one agreement. The BIA as the

responsible Federal Agency to provide for the normal cost of tribal government, technical assistance etc. is viewed as providing financial support to accomplish the broader task.

To accomplish what the Congress intended with the self governance project, the BIA must continue to support the coordination of those efforts, legal consultation and other support costs. The $1,200,000 in demonstration projects is less than .01% of the BIA total budget, it is less than the amount allocated to travel in most area offices in one year. Tribes should be extended the simple courtesy of making it work, that is having the funding available. So why the high visibility? It could be the beginning of the reduction of a self perpetuating bureaucracy.

The BIA wants to retain discretionary power over tribal government.

I urge you to provide the Self Governance tribes with the necessary funding to continue the five year demonstration project by disallowing the BIA plan for handling self governance funding.

In its place allow tribes to be funded at whatever their needs are, to identify key executive figures outside the BIA and IHS to negotiate with each tribe and to bring the Self Governance process to fruition by making the BIA, IHS and other Federal funding agencies comply with the overall negotiated agreement.

On behalf of the Red Lake Band please assure continued adequate funding for the Self Governance Demonstration Project.

TONTO APACHE TRIBE

Tonto Apache Reservation #30
Payson, Arizona 85541

Telephone
474-5000 or 474-2068

1990 MAR -5 AM 8 12

February 20, 1990

Honorable Senator Daniel K. Inauye
United State Senate
722 Senate Hart Building
Washington, D.C. 20515

Dear Honorable Senator Inouye;

Our Tribe is requesting $84,100 be earmarked in the FY 91 Interior Appropriations Bill to enhance our consolidated Tribal Government Program (CTGP) which is contracted from the Bureau of Indian Affairs. Our total allocation under the Indian Priority System (IPS) is only $57,100, all of which has been included in the CTGP contract. This amount is required to meet minimum needs of operating the Tontc Apache TribalGovernment.

I have attached testimonv which our Tribe would like to have entered into the record at Appropriations hearings if possible. I appreciate your interest and support of our Tribe.

Our Tribe thanks you sincerely, for your help.

Respectfully,

Louise C. Lopez

Louise C. Lopez
Tribal Chairperson

Testimony

Thank you for the opportunity to provide testimony at these hearings. Our Tribe has never before participated in appropriations hearings and do so now only out of desperation. We are in a financial situation which is so serious that we fear the total collapse of our Tribal Government if we do not receive assistance from Congress.

We have tried to provide essential government services to our people by utilizing the limited funds made available through the Bureau of Indian Affairs. Our needs are not great as compared to other Tribes. We are a small Tribe.

Our FY-90 Consolidated Tribal Government Program (CTGP) allocation is only $57,100.00. This is our total Indian Priority System (IPS) funding base for the Tonto Apache Tribe. This is not sufficient to provide the basic services we need to continue to operate as a Tribal Government.

We need an annual allocation of $41,200.00 to meet minimum needs. The $57,100.00 we have is used to provide salaries and personnel costs, travel to meetings, training, and office expenses for the Tribal Chairperson and two secretaries. These three individuals must administer Federal programs contracted under Consolidated Tribal Government Program including scholarships, adult vocational education, aid to tribal government, community fire protection, tribal courts and law enforcement services. This is difficult when our reservation is located nearly 300 miles from the Bureau of Indian Affairs Agency headquarters and over 100 miles from the Bureau of Indian Affairs Area Office.

Some Bureau of Indian Affairs programs which we sorely need are not funded at all. Included in the list which are not funded are Social Services Administration, summer youth programs, water resources and agriculture.

Recently the Tribal Government has been forced to reduce the services of our three employees from 40 hours per week to 25 hours per week because of inadequate funding to pay salaries. This has greatly reduced the Tribe's ability to apply for grants and other assistance from Agencies outside the Bureau of Indian Affairs. Day to day activities are overwhelming to the part-time staff of three.

The staff can not pursue economic development on the reservation due to the time and funding constraints placed on them.

Short and long term planning has not been done. The Tribe has 20 acres of commercial property located on State Route 87 but cannot devote the time to pursue the development of the land. If funding is acquired to keep our staff on full-time we will be in a better position to pursue economic development.

A budget showing our current allocations (column 1), minimum needs (column 2), and funding shortage (column 3) follows:

		Column 1 Current FY-90 Allocation	Column 2 Minimum Need	Column 3 Funding Shortage
1.	Scholarships	3,000.00	3,000.00	-0-
2.	Adult Voc. Trng.	4,100.00	6,100.00	2,000.00
3.	Employment Asst.	-0-	5,000.00	5,000.00
4.	Aid to Tribal Gov.	19,000.00	46,700.00	27,700.00
5.	Comm. Fire Prot.	2,000.00	2,000.00	-0-
6.	Tribal Courts	9,000.00	9,000.00	-0-
7.	Law Enfor. Serv.	20,000.00	34,500.00	14,500.00
8.	Agriculture	-0-	3,500.00	3,500.00
9.	Summer Youth Prog.	-0-	6,000.00	6,000.00
10.	Social Serv. Admin.	-0-	25,400.00	25,400.00
		57,100.00	141,200.00	84,100.00

Budget line item explanations:

1. Scholarships - Provides partial tuition, books, and fees for one tribal member college student.

2. Adult Vocational Training - Provides grants to tribal members enrolled in accredited vocational schools. Some applicants for this assistance must be turned down each year even though they meet all eligibility requirements.

3. Employment Assistance - this program, if funded, would provide assistance for job-related expense incurred in obtaining a new job. Costs would include relocation assistance, mandatory safety equipment of clothing, and similar costs.

4. Other Aid to Tribal Government - This program provides technical and financial assistance to our tribal government to help strengthen governmental processes. This includes the responsibility of developing ordinances, resolutions, constitutional amendments and oversight monitoring of contracted programs. Three individuals are required on a full-time basis to meet minimum needs of this program.

5. Community Fire Protection - Our Tribe is subcontracting with the City of Payson for fire protection services.

6. Tribal Courts - This is the Judicial Services Program for operation of the Tonto Apache Tribal Court. The funds provides professional services for appellate judges, defense counsels, and prosecutors. Our Tribe utilizes one individual under an employment contract for these services at an hourly rate.

7. Law Enforcement Services - This program is subcontracted to the Gila County Sheriffs' Department. Current funding is inadequate to acquire minimunally required law enforcement services.

8. Agriculture - Our Tribe needs $3,500.00 per year to irrigate and care for our Tribal fruit tree orchard. This orchard provides fruit for our elderly and other tribal members.

9. Summer Youth Program - Currently we don't have this program. We want to assist our youth by providing six summer youth positions to instill an interest in Tribal Government. Jobs under this program will be office clerical work with Tribal Government.

10. Social Services Administration - Our Tribe does not have any funding to administer Child Welfare Assistance, General Assistance, Supplemental Security Income, Women Infants Children and other social services programs. We need one full-time social worker and costs associated with that individuals travel, office expenses, etc.

Our Tribe appreciates the interest and concern this committee has shown to Indian people. With your help we will be able to continue operating as a Tribal Government. It is our desire to become a self-sufficient and strong Tribal Government able to respond to the needs of our people.

Thank you for this opportunity.

Respectfully submitted,

Louise Lopez

Louise Lopez, Tribal Chairperson

Jeri Johnson

Jeri Johnson, Vice-Chairperson

Polly Davis, Council Member

Larry Waterman, Council Member

Harry Curtis, Council Member